



# Persatuan Pengguna Pulau Pinang Consumers Association of Penang

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**Letter to the Editor**

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## **RENTAL HOUSING IS THE WAY TO GO**

Feeling the pinch because of the rising cost of living? Let's not forget about housing woes. Currently, the so-called 'affordable housing' is priced from RM100,000 to RM400,000; certainly beyond the reach of the working class particularly for the younger generation. On top of that, most of the available housing are of the higher price range leaving a limited number of lower priced ones up for grabs by the greater majority.

The Consumers' Association of Penang (CAP) believes that there are various successful public housing schemes that Malaysia can either adopt or adapt to suit local requirements. While the CAP understands that Bank Negara Malaysia (BNM) is contemplating to adopt the idea of rental housing in Germany, there are several issues that need to be considered.

In 1949, the West German government took proactive steps to provide affordable housing to its population who lost their homes during World War II. There was a need for 5.5 million housing units in 1946 and within 16 years, they managed to lower the shortage by about 88 per cent!

However, one must not forget that Germany made regulations that are favourable towards renters; capped rent increases at no more than 15 per cent over a three-year period in addition to providing direct subsidies and generous tax exemptions to the public, non-profit, and private entities.

Seemingly in Malaysia, we have done similar low cost housings such as the Rifle Range flats, built in 1969, in Air Itam. Rifle Range flats crammed 3,888 units in nine blocks of 17-storey buildings over a 16.7 ha site.

With flat units of an average size of 340 sq ft and has a bedroom each, residents were able to acquire the flat unit under a hire purchase scheme by paying RM30 monthly over a period of 30 years. It was an effective way to provide housing to the poor as it gave the residents the much needed confidence away from eviction as long as they comply with the terms and conditions. The sale of the units are regulated by the Penang State government to ensure that the units are sold to those who are genuinely in need of a home, thereby indirectly controlling price speculation as well.

However, public housing took a backseat while mega shopping complexes took the front seat in priority. In 1992, the entire country had 1.2 million sq m of shopping complex space and by 2015 the retail space grew to 31.8 million sq m. Is it a necessity to have 32 million sq m of retail space for Malaysia's total population of 30 million?

This not only led to the depletion of valuable land that could have meant for public housing but also the increase in price for a decent public housing. Situations worsened as the Asian Economic Crisis hit

us in late 1990s, many of the shopping complexes failed resulting in a glut of commercial space while a few unlucky ones had to be abandoned.

On top of that, Penang was ill prepared the Control of Rent Act that took effect from 1 January 2000. This resulted in a massive population decantation and the socio-cultural fabric of the Inner City of George Town was completely destroyed. These pre-war houses had housed extended families but they are now forced to live in apartments, having to pay commercial financial institutions for decades and exorbitant maintenance fees as long as they are owning the unit.

We have badly planned and poorly implemented housing policies. We should have picked up lessons from the Singapore's Housing and Development Board (HDB) as it managed to build flats for more than 80 per cent of the population in the island republic over seven decades (since 1947) while Malaysia is still looking for a solution.

HDB's predecessor Singapore Improvement Trust built 20,907 units of public housing flats between 1947 and 1959, a span of 12 years, for its 1.6 million population before HDB took over in 1960. Within three years, HDB built 31,317 units of flats but the facilities then were spartan, emphasising on piped water and clean sanitation.

Purchasers of the flats are able to use their Central Provident Fund (CPF) and grant schemes. The grant schemes were introduced to enable lower income to own their first home. It was said that buyers can expect to use less than 25 per cent of their monthly household income to pay for the mortgage instalment of their first flat.

So if land-strapped Singapore can do it, why can't Malaysia? In 2015, Singapore had to squeeze its 5.61 million of its population into its 719.1 sq km of land area. It is a flawed argument to blame land shortage for housing prices to skyrocket because it depends on the government to prioritise public housing schemes over the construction of commercial buildings.

One way to solve this problem is for the Federal Government to undertake the construction of public housing as it did in the 1960s or as how the Housing and Development Board of Singapore does to meet the demand. Penang experienced the success of Rifle Range flats in providing decent housing for the poor and today it has a flourishing community. However, this excellent effort fizzled out when public housing schemes are left to private developers and commercial lending institutions as we are experiencing now.

Let us also learn how the iconic Arcade in Providence on Rhode Island was economically revived by turning the retail outlets of the two upper floors into 225 sq ft micro-lofts while maintaining the retail outlets on the ground floor. The Arcade is the oldest indoor shopping mall in the U.S.A. that was built in 1828 and it was occupied by the first batch of tenants in 2013 after being converted into micro-lofts.

There are a total of 'affordable' 48 units of which 46 are one-bedroom or studio units, one two-bedroom unit, and one-three bedroom unit at the Arcade. All are fully furnished. As in March 2016, there were more than 4,000 people in the waiting list to rent the Arcade's micro-loft.

CAP thinks that Malaysia can also revive shopping complexes in a similar way, rather than leaving them deserted while the population is clamouring for public housing that they can really afford. Malaysia just needs political will and good planning to drag itself out of this quagmire.

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