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PUBLIC RENTAL HOUSING (PRH) OPERATIONAL POLICIES AND HOUSING PATHWAYS IN KUALA LUMPUR

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Abstract

The Malaysian Government's vision is to provide Malaysians of all income levels accessibility to adequate, affordable, and quality housing, particularly those from the low-income group (B40). For several decades, the Malaysian Government has played an important role in the provision of low-cost public housing by building houses either for sale or rent. In Kuala Lumpur, the administration of low-cost public housing is managed by Dewan Bandaraya Kuala Lumpur (DBKL). Recently, there has been a pressing need for more public rental houses in Kuala Lumpur, evident from the vast number of B40 applicants awaiting settlement. However, the number of vacant units for housing is very limited. The paper discusses the role of DBKL in shaping the public housing pathways by reviewing the current DBKL's PPR Operational Policies. The paper is constructed based on policy review, as well as data from interviews with DBKL officials. The DBKL's operational policies from the point of view of tenant "Enter" until "Exit" was mapped with the housing pathways. The study found a variety of operational policies that DBKL has implemented to ensure tenants' successful transition in and out and are strongly influenced by the need to manage the waiting list and political pressure. The paper, which looks from the perspective of DBKL as a landlord, concludes with a preliminary recommendation on some ways DBKL can improve their tenancy management.

Keywords: public rental housing, housing policies, housing pathways, operating policies

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INTRODUCTION

Public rental housing refers to housing that is constructed and funded by the Government, inclusive of rental and owner-occupier housing. Public housing was developed with government subsidies and rented to low-income families or vulnerable groups who cannot afford to purchase houses in private housing markets or pay market rents (Baker et al, 2020). Public housing always has a social purpose, including better-housed workers as part of the economic strategy, better housing conditions as better public health, and housing as a visible price (Forrest, 2013). Despite the preference for home ownership, the low-income group is often excluded from the housing ladder because of the difficulty in obtaining mortgage finances. Hence, the government plays a vital role in addressing the housing market failure and providing adequate housing for vulnerable groups. For several decades, the Malaysian Government has played an important role in the provision of low-cost public housing by building houses either for sale or rent. In the capital city of Kuala Lumpur, the administration of low-cost public housing is managed by Dewan Bandaraya Kuala Lumpur (DBKL). Of the total number of low-cost public housing offered, 60% are for rent which constitutes 37,415 units from 61,559 units. Recently, there has been a critical need for more public rental houses in Kuala Lumpur, evidenced by the massive number of B40 applicants expecting settlement. However, the number of vacant public rental housing (PRH) units is very limited. Moreover, land in urban areas is becoming scarcer and more expensive. Combined with rapid social and demographic changes, the government faces more challenges in ensuring adequate stock of Public Rental Housing.

The question arises as to what causes the low turnover of tenants. As such, the paper aims to analyse the role of DBKL in shaping the public housing pathways by reviewing the current DBKL's PPR Operational Policies. The paper is constructed based on policy review, as well as data from interviews with DBKL officials. The paper will focus on PRH in Dewan Bandaraya Kuala Lumpur's administration, the largest provider of public rental housing in Malaysia. The rest of the article is structured as follows; after this introduction, the paper will discuss the general overview of public housing operational policies. Next, the paper will present the DBKL's operational policies from the point of tenant "Enter" until "Exit" and map with a linear approach to social housing pathways as applied by Powell et al. (2019). The paper ends with a brief discussion of the way forward for Public Housing in Kuala Lumpur.

PUBLIC HOUSING OPERATIONAL POLICIES

Public housing or social housing aims to house households predominantly in a weak negotiating position in the private housing market, such as low-income households, physically and, or mentally handicapped individuals, ethnic minorities, immigrants, and asylum seekers. (Lang & Roessl, 2013). The changes

in the tenure of public rental housing can be summarised in the concept of housing pathways. The concept of housing pathways is strongly reflecting and links residential mobility to many housing and non-housing factors (Clapham et al., 2014). The housing Pathway concept is a comprehensive approach, it does not merely analyse the individual experience but also the housing market (Clapham et al., 2014). Additionally, the analysis should take into account housing market behaviour and agency aspects such as individual experiences and decisions (Sohaimi et al., 2017). The social housing pathway is influenced by a few factors such as the economic background, individual behaviour and aspiration to experience a new movement amongst the residents. Figure 1 shows the social housing pathway, which starts from entry to social housing, followed by living in, moving within and moving out of social housing, which will be explained in the following subsections.

Getting in (Entry)

Entry into public rental housing is considered a successful pathway output. Entering social housing is considered as a successful milestone for people leaving homelessness (Li, Stehlík, & Wang, 2019). According to Wiesel and Pawson (2015), in countries where the government provides subsidised housing for low-income families, the entrance mechanism plays an important role in vacation for new applications, especially for people in need.

Powell et al. (2019) argued that households' pathways into social housing depend on highly detailed and prescriptive policies for eligibility. First, a prospective tenant will have to go through an application process and eligibility criteria, including a priority and needs assessment. The application process is usually managed by a centralised system where the prospective tenants will apply, and their details are disseminated through a system. This is followed by eligibility criteria, which will be determined by the applicant's income, age, assets, and priority needs. Next is a priority needs assessment. The applicants are categorised under waiting lists based on the priority assessment if there is a shortage of social housing. However, the applicants' place on the waiting list is frequently assessed. If they are found to be unqualified, they may be removed.

Public Rental Housing is normally applied as temporary accommodation or emergency with highly detailed and prescriptive eligibility. Pathways into PRH depend on a prescriptive eligibility criterion as well as the availability of housing stock. According to housing authorities in Australia, Hong Kong, China, South Korea, Singapore and Malaysia, the basic eligibility requirements are citizenship and residence status, no prior ownership of any kind of property, income and age. Priority given to the applicants is based on the score point for each eligibility requirement which is the applicants with more dependents as well as the health condition or disabilities (Zhang, 2017). The applicants with higher points have the priority for PRH (Li, 2016). Fair

distribution is one of the crucial matters in the operation of public housing programmes (Baker et al., 2020). Therefore, the entry system is one of the critical aspects of ensuring that only people who are eligible to enter the PRH.



Adapted from Clapham's Social Housing Pathways

Figure 1: Social Housing Pathways adapted from Powell (2021) and Clapham (2002)

Living In

The policies for reviewing social housing tenants' continuing eligibility can extensively affect the social housing pathway. Social housing is a scheme of income-related rents operated by the social housing provider. Paying rent is essential for living in social housing. This is followed by the use of the premises. Tenants are subject to a range of obligations and requirements regarding the use of social housing. The obligations for residential tenancy agreements such as in Australia are prescribed by residential tenancy agreements, including criminal offending and relations with neighbours, (Powell et al., 2019). Any offence contributed by the tenant will result in tenancy agreement termination.

Moving within

Moving within social housing is the next pathway for renters and households while living in social housing. It consists of tenant-initiated transfer, portfolio management and tenancy management. Tenant-initiated transfers are for tenants who seek to move within the social housing. A tenant can also move between properties with the landlord-initiated transfer, which can be a result of portfolio management. This involves the government relocating tenants to another property when current social housing is redeveloped. This is followed by tenancy management as an additional category of landlord-initiated transfer. The landlord-initiated transfer must take into account the tenant's current needs when

the tenant moves to another property. Tenancy management may be the outcome of tenant conduct. The transfer may also occur because of changes to the tenant's eligibility status for their existing social housing. However, it will make the property no longer suitable due to the eligibility policies (Powell et al., 2019).

Moving out

The final pathway is moving out or exiting from social housing when the tenant is making a transition to private housing or is expelled by the social housing provider. In most cases, the tenant voluntarily initiates a transition to private housing. On the other hand, eviction is considered a pathway to social housing. Tenants may be evicted because their current income is no longer eligible for social housing, rental arrears, or criminal offences. The exit system is responsible for ensuring the service users leave the statutory sector as soon as they are ineligible to live in PRH (Wiesel & Pawson, 2015). The extensive studies show that some demographic factors, including age, gender, income and human capital, are clearly associated with public housing exits (Li, Stehlik, & Wang, 2019).

Previous studies have examined the policy and service contexts of public rental housing exits. For example, Australia has introduced Western Australia's Rental Pathways Scheme, which supports tenants moving from social to private rental housing (Wiesel et al., 2014). Their findings revealed that income-related rent rates may act as a disincentive for some tenants to depart from their public housing tenure (Wiesel et al., 2014). Another author recommended that regularly raising rents to market level may 'force' some tenants to exit (Li et al., 2017). Moreover, frequent income eligibility reviews and strictest fixed-term tenancies are forcing tenants to search for alternative housing arrangements (Baker et al., 2020).

However, the problem of access to public housing remains unresolved without a clear policy on the length of tenancy in low-cost public housing. (Baker et al., 2020). Powell et al. (2019) concluded that the lack of affordable options represented the most serious obstacle to delaying moves out of social rented housing. In the Australian context, Wiesel and Pawson (2015) suggested two critical policy responses that may ease exits, including reinventing the National Rental Affordability Scheme and consideration of home ownership schemes, including shared equity models.

THE PUBLIC RENTAL HOUSING IN MALAYSIA

Prior to the country's independence, the Housing Trust was entrusted with providing low-cost housing for rental and sale in Malaysia. The housing was targeted at dwellers with a monthly income of less than RM300 and the ordinary working-class such as general labourers and lower rank government staff (Shuid, 2016). The Housing Trust built the rental housing, and the monthly rent paid by the tenants was recorded as a hire purchase instalment. Public housing in the form

of Site and Services has been introduced to relocate the squatters since the First Malaya Plan and continued until the Third Malaysian Plan. In addition, the longhouse is another initiative introduced by the Dewan Bandaraya Kuala Lumpur (DBKL) as a temporary shelter from 1978 to 1988. The longhouse consisted of one bathroom, a living room, a kitchen and one or two tiny rooms (Khazanah, 2016). Longhouses were initially designed to temporarily shelter squatters for one to two years.

In the 6th to the 8th Malaysian Plan, various housing programmes were created under the public and private sectors. Public housing programme were launched known as Perumahan Awam Kos Rendah (PAKR), Program Perumahan Rakyat Bersepadu (PPRB), Program Perumahan Rakyat Disewa were implemented for the resettlement of squatters. The programme was focused only on rental to solve the squatter's issue and not initially on homeownership (Shuid, 2016). On the back of rising difficulty for qualified PPR applicants to secure bank loans to purchase a PPR unit, the Government introduced the PPR-Rent to own (RTO) scheme in 2007. This provides a chance for the owners to own a home by first renting it from the government. With a clean record of monthly rental payments, house ownership will be transferred to the tenants (Khazanah, 2016). The latest PRH programme is Transit Housing, introduced in the 11th Malaysian Plan to provide shelter to newly married B40 couples.

RESEARCH METHODOLOGY

The study was a part of a larger study on PRH tenants' mobility. The article reported the findings from an in-depth interview conducted with 2 DBKL officers: the Assistant Officer of Information Technology and the Assistant Director of Community Development & Urban Wellbeing Department DBKL. The respondents were selected based on their extensive experience in DBKL PRH allocation and management.

FINDINGS: DBKL'S PUBLIC HOUSING OPERATIONAL POLICIES

Based on the interview, from 1998 to 2019, a total of 133,669 applicants registered with DBKL. However, 128,550 were entitled inclusive applicants who successfully obtained rental housing units and those who were placed on the waiting list, as shown in Figure 2. There has been an average of 313 new tenancy per year, depending on vacant units. Furthermore, DBKL had identified 27,940 tenants who failed to continue whilst 2,840 tenants successfully extended their tenancy. The statistics in March 2021 showed a total of 38,760 public rental housing units under DBKL's management.

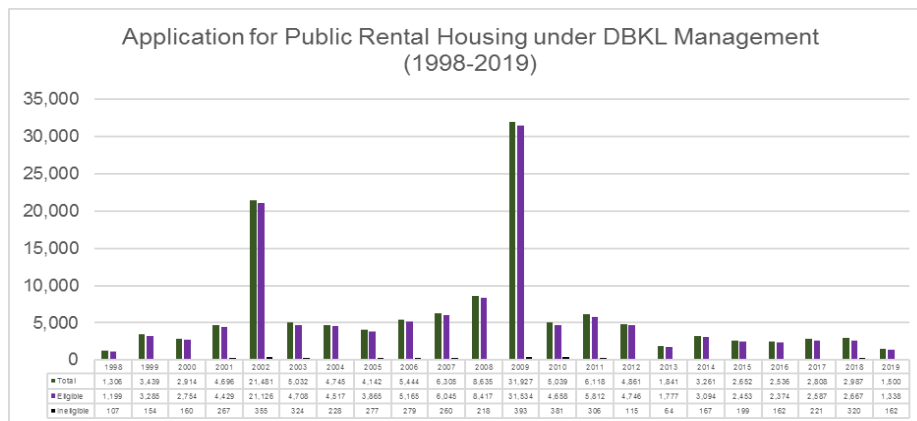


Figure 2: Application for Public Rental Housing under DBKL’s Management (1998-2019)

The massive application for PRH is obviously due to the rents offered being below the market rent despite their strategic locations. The following subsection discusses DBKL’s operational policies from the point of tenant’s “Entering” to “Exiting” and mapped in the housing pathways based on the interviews conducted.

GETTING IN

The common application process for most public housing is a centralised online system which allows the processing applications to be more efficient and transparent. The system database ensures PRH is distributed and accessible to the public. In Malaysia, the systems’ data is accessible by the Ministry’s Open Registration System (ORS). The system’s primary purpose is to avoid any misconduct in selecting eligible applicants. Applicants must provide accurate information regarding their family background, property and current residence (Shuid, 2016). The entrance mechanism to PRH is online or by filling in a form at the Housing Management and Community Development Department (HMCDD). According to DBKL’s eligibility requirements, applicants and their spouses must be Malaysian citizens with combined incomes not exceeding RM3,000 per month. Priority is also given to applicants who live or work in Kuala Lumpur. The priority will be given based on the calculation for each eligibility criteria as below:

Table 2: Eligibility Criteria

No	Criterion	Maximum points
1	Number of dependents	20
2	Marital status	15
3	Health condition	15

4	Per capita income	15
5	Status of current house	10
6	Length of registration	10
7	Household income	5
8	Occupation sector	5
9	Age of applicant	5

Source: Shuid (2013)

A new rental housing scheme under DBKL, which is Council Home (Pangsapuri Bandaraya), caters to married city dwellers working in Klang Valley with income between RM3,000 to RM10,000 per month. The dwelling unit is rented out at RM 800 per month, in which the net rental is RM500, and the remaining RM300 per month will be treated as savings to be returned after the rent period. The maximum tenure for this apartment is five years. Public rental housing needs to provide shelter for the low and middle-income household before they can enter the homeownership. Nevertheless, numerous problems related to PRH allocation have been reported, such as giving false information for PRH applications, subletting the unit, and tenants refusing to leave their PRH units when the lease expires. Some of the tenants who are no longer eligible for the PRH still benefited from the unit's rental subsidies.

LIVING IN AND MOVING WITHIN

The operational policies about living in and moving within were not further discussed during the interview with DBKL. However, the tenants were required to extend the tenancy every three years to ensure their eligibility to rent the PRH. The rent offered by DBKL is fixed to RM124 per month, which is not reflecting similar properties in the private market. In addition, DBKL had given 50 percent discounts during Movement Restriction Order (MCO) to reduce the tenants' burden. Whilst moving within occurs whenever DBKL has to conduct a refurbishment for the existing PRH, tenants will need to move to any vacant PRH unit. As a result, DBKL will need to secure alternative PRH units.

MOVING OUT (EXIT)

There is several research conducted on public rental housing exits (Baker et al., 2020). However, few studies have examined the reasoning, motivations, and barriers to exiting public housing. The lower rental rates in PRH and the continued rise of property prices in the private market resulted in some tenants remaining in their units for an extended period of tenancy. In addition, the lack of a clearly defined permissible tenancy period will be an advantage for the tenant to extend the tenancy (Shuid, 2013). Furthermore, Shuid and Zamin (2018) highlighted that the current physical environment and highly satisfied housing conditions influence the prolonged tenancy. Previous studies have shown a

significant relationship between dwelling features, utility, environment, attachment and social interaction contributed to the renter's satisfaction which leads to the reluctance to exit the tenancy. (Fattah, Badarulzaman, & Ali 2020)

The study also found that many tenants remain in their units for extended tenancy. This will increase the waiting list period for new applicants before units become available. The number of PRH applicants in Kuala Lumpur keeps on increasing, but from 2014 to 2018, it was reported that less than 20 percent of the tenants were able to exit public housing. In 2019 only 1,338 applicants were eligible for renting the public housing unit and were placed on the waiting list. DBKL has enforced several measures to ensure the exit of tenants from PRH, including flushing, audit and data bleaching and increasing the turnover rates of tenants.

One measure is "flushing" to filter expired tenancy agreements. Upon issuing the offer letter for renting, the tenant has agreed to rent the housing unit for 3 years according to the tenancy agreement. The frequency of the flushing mechanism is twice a year, whereby the management actively flushes tenants who failed to extend the tenancy agreement. However, without a clear policy on the period of tenancy and renewal conditions through the online selection process, which could have shortened the application process, it will result in inadequate access to public housing remains unresolved. An audit is carried out by DBKL once a year, and it successfully terminated 616 tenancy agreements in 2018. An audit will identify which tenancy has not been renewed after the expiry of the tenancy agreement. The third approach is the data bleaching process, which is conducted gradually over a period of two years. This exit approach was only introduced recently in 2020. This exit mechanism aims to identify the tenants who still fit the admission criteria at the time of their entrance to public rental housing.

Based on these approaches, DBKL has evicted a total of 2,554 from 2015 until 2020 due to the different offences committed by the tenants. In 2020, there were a few categories of the enforcement action by DBKL, including the tenants staying in the housing unit whereas he or she has another house or property. An illegal tenant does not fit with the condition to rent public rental housing. Next is if the tenant is non-Malaysian. They are not eligible to be a tenant in this housing scheme, or the accommodation has been sublet by the owner or tenant. Eviction occurs after several initiatives to overcome the problems, such as issuing warning notices, blocking water supplies, and implementing enforcement action on the unit, which violates the terms of the tenancy agreement.

In addition to these 3 mechanisms, DBKL has also initiated several supports, including providing skills to residents and free tuition to the tenants. They believe that improving the socio-economic state of the tenants is the only way for them to successfully exit the PRH. No other support provided by DBKL

was identified to assist the tenants in moving out into the private rental market. The exit mechanisms/ approaches are depicted in Figure 3

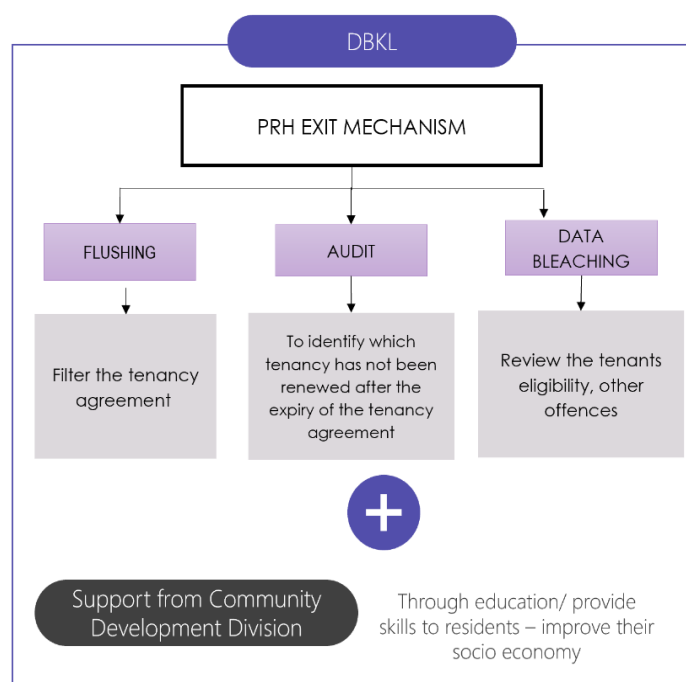


Figure 3: Exit Mechanism
 Illustrated from the interview

According to Figure 3, the number of vacant units leads the DBKL to enforce an exit mechanism to ensure the tenant successfully exits public rental housing, partly caused by DBKL’s not enforcing its policy. Operational policy levers have been introduced in Australia to facilitate the moves of social housing, including financial assistance such as the provision of private rent subsidies, rental transition programmes and financial planning. The aims of policy levers will not only reduce the waiting list but also enhance housing affordability.

CONCLUSION

The housing pathway is based on the changing experience of tenants in public rental housing. Powel et al. (2019) revealed that operational policies shape the social housing pathway in various ways. In the current operating process of DBKL, the housing pathway begins with tenant experience of getting into PRH, living in, moving within or between PRH and leaving or exiting the social housing. PRH has a long history of providing housing for those in need. The

scarcity of existing public housing will depend on DBKL's ability to meet the increasing demand for PRH. The study found various operational policies implemented by DBKL to ensure tenants' successful transition in and out and are strongly influenced by the need to manage the waiting list and political pressure. The current exit approach is more inclined toward force measure that is still insufficient in freeing up scarce public housing opportunities for those on a waiting list and ensuring faster turnover rates of tenants. Innovative solutions are needed to encourage tenants' independence and early transition out of public housing to allow more eligible applicants to enter PRH. DBKL will need to consider other mechanisms or approaches to encourage early exits from public housing to renting private houses or homeownership. The paper only looks from the perspective of DBKL as a landlord. It is crucial to continue building evidence studies based on motivations for tenants to stay in or exit the public housing sector.

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