

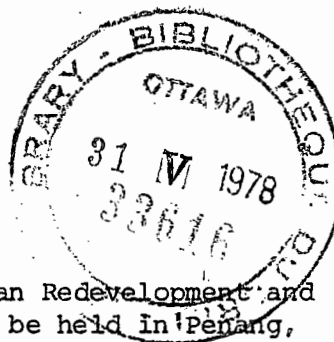
USM/ADI URBAN REDEVELOPMENT AND LOW-COST  
HOUSING SEMINAR, PENANG, 1977

The Housing Problem in Urbanizing  
Southeast Asia

by

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Paper prepared for the USM/UNADI Urban Redevelopment and Low-Cost Housing Training Seminar to be held in Penang, Malaysia on 18 May, 1977.

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IDRC-doc-010

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To treat housing as a commodity is silly enough, but to assume that it must or should be supplied by 'ever-larger pyramidal structures and centralizing technologies' is suicidal. Yet this is the basis of all modern housing policies -- a quicksand into which they all sink, even if they can be kept afloat awhile with money. And all this has gone on while real demands have been almost completely ignored or misinterpreted by heteronomous systems impervious and blind to the plentiful resources available (J.F.C. Turner, 1976, p.37)

The above quotation may be regarded as an extreme policy advice which completely denies the value of large-scale, high-technology type of housing in meeting the housing needs in developing countries. That all modern housing policies are "suicidal" is certainly a debatable generalization, but the latter part of the statement calling for better utilization of indigenous resources is a valuable guideline for many housing plans. Southeast Asian countries, as elsewhere in the Third World, are confronted with these policy options which will be highlighted towards the latter part of this paper.

Generally known as one of the least urbanized regions in the world, Southeast Asia shares with many modernizing regions in its rapid rate of urbanization. In the decade 1960-70, its cities grew at rates markedly higher than general country rates in all the countries. In 1970 only one in five persons lived in cities in Southeast Asia, but the ratio is likely to increase to one in three by the end of this century. However, the over-all low degree of urbanization masks the teething problems that the region has to contend within its primate cities. It is here the usual litany of urban problems,

including the problem of shelter, are magnified and solutions for them too frequently appear to be an elusive goal (see Yeung, 1976a; Yeung and Lo, 1976). It must also be emphasized that Southeast Asia is a region of contrasts and countries range widely in size of population, urban influence, and income levels, among other characteristics (see Table 1). These contrasts should be borne in mind in reviewing the housing situation in the countries which, in this paper, will concentrate more on the ASEAN members although attempts will be made to acquire a regional perspective.

This paper is in three parts. The first part will review the roles of housing in national development. It will be succeeded by an examination of housing conditions and housing needs. Finally, housing policy issues will be discussed, with special emphasis on recent trends and developments.

#### Housing and National Development

Not without pains or cost, an increasing number of developing countries have begun to realize the positive effects housing is linked to national development. The traditional approach in development planning has frequently given undue prominence to economic variables, whereas non-economic aspects of development are paid at best lip service or left unaccounted for. In many national development plans, housing generally vie poorly with other economic sectors which, in terms of contribution to the gross national product or from the standpoint of capital-output ratio, override housing in direct income generation. Housing investment often carries a capital-output ratio of 7 to 1 and sometimes higher (Grimes, 1976, p.36). There are, luckily, incipient signs in some Southeast Asian governments in a willingness to invest in housing for reasons of social investment and equity.

Table 1

## Population and Housing Development in Southeast Asia

C O U N T R Y	1 9 7 0		G N P Per Capita (US\$)	Construction value added as a percentage of GNP, 1970	Population in construction as a percentage of total active population
	Population in Millions (2)	Percent Urban (2)			
Indonesia	118.3	17.4	\$112 (1972)	2.8	1.3
Laos	2.9	13.4	\$120 (1970)	-	-
Malaysia West East	8.8 1.7	28.7 15.8	\$391 (1972)	3.7	-
Philippines	36.7	31.8	\$254 (1972)	2.5	3.8
Singapore	2.1	60.0	\$1780 (1973)	5.3	5.1
Thailand	35.9	13.0	\$193 (1972)	6.4	0.5
Vietnam North South	22.1 18.4	23.9 34.9	\$100 (1970) \$174 (1971)	-	-

Sources: Columns (1) - (2), UN, Demographic Yearbook, 1971.  
 (3) UN, Yearbook of Statistics, 1973.  
 (4) UN, Yearbook of National Accounts Statistics, 1970.  
 (5) UN, World Housing Survey, 1971, p.21.

Housing and urban development are frequently mentioned in one breath because of their interrelationships. It is not true that rural housing requires no attention but commonly it is in the cities, especially the large cities, where the problem of shelter reaches critical proportions. By virtue of the economic, social, and educational opportunities they provide, large cities in many cases constitute the ultimate destinations for many of the rural-urban migration streams. While incessant rural in-migration is in part responsible for the deteriorating housing situation in many cities in the Third World, it is also argued that massive infusion of resources into the housing sector is a sure way of attracting more potential migrants. At any rate, the end product the housing-urbanization process in many developing countries is a remarkably large proportion of urban populations living in festering slums and poorly serviced uncontrolled settlements, generally known in Southeast Asia as squatter settlements. At one time it was fashionable to regard these spontaneous settlement forms as a transient stage on the road to modernization, but many researchers have recently maintained that this urban phenomenon will be with Third World cities for many decades to come (Dwyer, 1975).

In theory and practice, the multiple roles of housing in national development are worth reiterating. As Turner (1976) has rightly stressed at the outset of this paper, housing should not be regarded as a commodity, a mere physical problem of living space and shelter. Rather, housing should be considered in the total context of the residential environment in which the greater part of our lives is spent and lived. Thus broadly conceived, housing may be viewed as a carrier of social change and development, a vehicle in the transition from a traditional to a modern society. In this way, housing is related to social and economic development in direct and specific ways.

Good housing not only promotes a decent family life at the individual level, but also contributes to the health and social stability of society at large. Nation building can also be furthered by certain housing policies, as the example of Singapore's massive public housing developments since 1960 has shown that, a largely footloose immigrant community of diverse ethnic stocks has been transformed into a united and increasingly bourgeois society with stabilizing roots (Yeung, 1973; Yeh, 1975). In the promotion of home ownership, various measures have been made to encourage housing investment and savings. In more direct contribution to economic growth and employment generation, the Singapore experience over the last two decades has demonstrated how housing construction can be a direct factor as well as a catalyst in the advancement of both. In the period 1960-73, for example, the construction sector in Singapore grew at an average annual rate of 23 per cent and its contribution to the gross domestic product rose from 2.0 per cent in 1960 to 6.8 per cent in 1973 (Teh, 1975, pp.18-19). Table 1 indicates, however, that in both its contribution to the gross domestic product and to the labour force, the construction industry has ample room for improvement in most Southeast Asian countries. In particular, the low percentage of the total labour force in the construction industry in Indonesia and Thailand reflects a condition in which construction activities as a whole have been relatively inactive or that it is not labour intensive, or both.

The multiplier linkages between housing development on the one hand and improvement in income levels and employment prospects on the other, are too complex to be elaborated in detail here. What can be safely said is that when substantial housing construction takes place at any place, positive multiplier effects go beyond physical construction and economic impact. In specific situations, housing may play the role of a "trigger industry", as presently is the case in Japan where housing and urban development have superseded the traditional "trigger" industries

which, in the 1960s, were concentrated in the manufacturing industries. Housing and urban development have now been elevated to the main "trigger industry" role as a consequence of a 1970 national survey which indicated that as much as one-third of all the Japanese were not satisfied with their living conditions (UN, 1973, p.112).

The potential and actual roles of housing in national development having been outlined, it is sad to note that many of these roles are, in fact, not activated in many development plans in the Third World. There are many blockages to better housing. Alcock (1973, p.326) has pinpointed poverty -- material and cultural -- as one of the main causes for the current poor housing conditions in developing countries, Grimes (1976) was more specific and cited four factors, viz., income, city size, rate of growth, and housing policy as the determinants of the housing situation in most cities. Of these four factors, income is by far the most important. As poverty is widespread and deepening in many developing countries, does it mean that the people in these parts of the world are doomed forever to poor housing? It need not necessarily be the case if governments devote more attention to this sector and evolves housing solutions appropriate to local conditions. Next to food and clothing, housing is a basic necessity to human life. Typically, 15 to 25 per cent of the household budget is used in housing; in low-income brackets, this can range from 5 to 40 per cent (Grimes, 1976, p.30). Left to their own, the majority of the poor in developing countries would be unable to improve their housing and living environment. They look towards the government for assistance and guidance, not so much in the actual provision of residential structures in every case, as in providing a climate whereby the poor can help themselves.

To realise its potential roles and be efficacious, housing must be planned and built purposely into development plans. It should not

be treated as an afterthought consequent upon development. The advice given by the United Nations is as sound today for most developing countries as it was almost a decade ago:

In the 1970s housing must be understood not as a separate need or service but as one essential link in the strategy needed to contain accelerating urbanization, the population explosion and the growing unemployment. It is not something to be dealt with after development; it is part of it (UN, 1969, p.392)

#### Housing Conditions and Housing Needs

The recent World Housing Survey (UN, 1973) reported that many countries of the world have been able to build not more than 2 to 4 dwelling units per 1,000 inhabitants per year in spite of the recommended target of 8 to 10 units per 1,000 to meet the total housing needs. Developing countries averaged 2 to 3 units per 1,000 inhabitants per year, as compared with 7.5 units per 1,000 for industrialized countries. This housing gap between the two groups of countries is further widened since every year developed countries allocated an average of more than 4 per cent of their GNP to housing construction, as opposed to an average of less than 3 per cent in developing countries. In Southeast Asia, it is reckoned that only 15 per cent of the housing requirements are met at the current annual rate of construction.

The figures cited above are not necessarily a realistic or accurate way of depicting the housing needs in all the countries, but they are indicative of the ever-increasing shortfalls in housing provision in the developing countries. Moreover, with the persistently high rates of population growth in Third World countries, lower rates of housing construction means that the gulf in housing standards



between the two groups of countries rapidly widens. The magnitude of the housing-urban crisis in the developing countries is compounded by accelerating population increase and urbanization, persistent poverty with attendant worsening income distribution, and spiralling costs of housing and urban land. Many of these problems are inter-related; the housing problem is often viewed as a symptom of the failure in the allocation of national resources or in national planning. In most of the Southeast Asian countries, a housing crisis of both quality and quantity is at hand.

In terms of quality, the selected indicators of housing conditions in Table 2 point to an overall picture of rather poor housing provision and services. It must be borne in mind, however, that the figures are national averages which, with the exception of the city-state of Singapore, have been adversely affected by the rural areas, particularly with respect to the services available. All the same, it is shown that only a small fraction of the total housing stock in Indonesia and Laos is built of permanent materials and only in Singapore is a significant proportion of the housing stock found to be of permanent structure. Even in the case of Singapore, substandard urban slums were a principal cause of overcrowding before the present phase of large-scale public housing construction was launched in 1960. However, by 1970, Singapore was able to achieve a measure of success in alleviating overcrowding, as the average number of persons per room index loads lowest in Singapore (Table 2). The figure of 3.0 persons per room for Indonesia borders on the lowest limit to indicate overcrowding recommended by the United Nations. Finally, much less than half of the total households in Southeast Asia received piped water and electricity. Singapore towers above the rest because of its predominantly urban characteristics, while the other country figures have been pulled down by considerable

Table 2

## Selected Indicators of Housing Conditions in Southeast Asia, c. 1970

	Permanent Dwelling Units of Housing Stock (%)	Average Number of Rooms Per Housing Unit	Average Number of Persons Per Housing Unit	Average Number of Persons Per Room	Availability of Piped Water (%)	Availability of Electricity (%)
Indonesia	5.8	1.5	5.3	3.0	-	-
Laos (Vientiane)	18.1	2.0	-	-	19.0	53.1
Peninsular Malaysia	-	2.3	6.1	2.7	47.5	43.7
Philippines	32.1	2.42	6.10	2.52	24.0	23.2
Singapore	63.7	2.64	6.64	2.32	90.6	91.8
Thailand	-	-	-	-	12.4	18.8

Source: IDRC-supported Southeast Asia Low-Cost Housing Study

urban-rural disparities. Considering the urban areas alone, Malaysia did not lag much behind Singapore, and generally speaking, over half of the urban households in Thailand and the Philippines had piped water and electricity.

Over the past two decades the housing conditions in the primate cities in Southeast Asia have visibly deteriorated. As far as housing and urban services are concerned, one of the reasons for this predicament is that these cities are not prepared or built for the large number of rural in-migrants and others arising from natural increase who now live in them. In Jakarta, for instance, 40 per cent of the households depend solely on water vendors for their supply at prices five times higher than the charges for piped water. The city has no water-borne sewerage system. Consequently, 80 per cent of Jakarta's residents live outside the reach of basic public services and only 15 per cent have access to the city's water supply (Critchfield, 1971, p.89). Another reason for the mismatch between the demand and supply of urban services is that only meagre resources have been allotted to this purpose. In 1959 Jakarta had a budget allocation of only £2.7 million, as compared with Singapore, half of the population, which had a municipal budget of £14 million, a rural board budget of £0.6 million, and an overlapping state budget of £25 million (Hanna, 1960, pp.5-6). Similarly, the sewerage system in Manila, constructed in 1909, was intended for a population of 220,000 to 440,000. There has been no notable improvement since although the present population in Metro Manila is about five million. Not surprisingly, therefore, in 1969 only 12 per cent of the population in Metro Manila were served by sanitary sewers. The above two cases of the huge deficit in urban services raises the real question whether conventional high-cost, high-technology urban services innovated in the Western cities are practicable or appropriate.

to the teeming developing cities in the Third World which are severely limited in financial resources. Dwyer (1975) has questioned the suitability of Western-derived urban services technology for cities of the Third World. The sewerage problem is a case in point in which intermediate technology solutions involving low capital investment must be sought for in place of the conventional water-borne system.

Before proceeding to a discussion of housing needs in the region, a distinction must be made between the concepts "housing need" and "housing demand". The housing need, in general, refers to the total requirement for shelter, without regard to the ability of the families to pay for it. In operational terms, the housing need is defined by a minimum quality of structure required, a maximum rate of occupancy (fewer than three persons a room, for example), or an upper limit of the proportion of household income spent on housing. Occasionally, definitions may embrace a minimum standard of privacy and the economic distance for journey to work. All these criteria may be used singly or in combination to define the housing need of a situation. In contrast, the effective demand for housing is based on each household's ability to pay for housing. It is determined by such factors as household income, income distribution, prevailing prices of housing, the existing housing stock and its rate of replenishment and expansion, and other competing goods and services. In the light of these factors, it is possible to estimate how much a family is willing to pay for housing.

One failing of many development plans is the failure to translate the housing need into effective demand. The housing need is calculated on the basis of available statistics on the number of households living in slums, spontaneous settlements, and other sub-standard structures. Then, the number is related to the "accepted" housing

standards from the standpoints of health, privacy, and decent family life as determined by planners. This procedure frequently results in an alarmingly huge figure of housing deficit with which policy-makers feel powerless to cope. The generalized statistics suffers from the fault of imposed standards and possible neglect of alternatives to tap the creative energies of the people concerned to solve their own problems. However, on condition that it is subsequently translated into effective demand complemented by a variety of policy measures, the exercise of estimating the housing need may be the beginning of a sound housing policy formulation.

Because of widely varied national economic, cultural, and social conditions, housing needs have until recently been looked upon as a problem of national or local concern. Only recent growing interest by international organizations in the housing conditions in developing countries has a quantitative estimation of housing requirements across nations been considered meaningful. In an attempt to quantify the housing needs on a global and regional basis, the United Nations (1973, p.93) has proposed a new method of calculation which is conceptually sound and easily applied using published statistics. Without prejudicing the kind of housing solution befitting any country or situation, an entity, denoted by  $\Delta$  (delta), is used to calculate the housing need for any period. Whether the entity is a house, a mobile housing unit, a natural shelter, or a tent, the entity enumerated is roughly comparable among nations. The number of  $\Delta$  required for any population at a given time is expressed by the following formula:

$$\Delta = \frac{1}{K} \left( \frac{P}{h_s} \right)$$

Where  $P$  = population  
 $h_s$  = average size of households, i.e., number of persons per households  
 $K$  = number of households which occupy a single  $\Delta$

Table 3

Comparison of Estimates of Housing Needs  
in Southeast Asia, 1970-1980

Country	Type of requirements	1973 UN Methods		
		I	II	III
Indonesia	Population Increase	9,568	7,973	6,379
	Replacement	6,141	5,118	4,094
	Total	15,709	13,091	10,473
Laos	Population Increase	205	170	137
	Replacement	129	108	86
	Total	334	278	223
Peninsular Malaysia	Population Increase	587	426	392
	Replacement	364	349	243
	Total	951	775	635
Philippines	Population Increase	2,280	2,257	1,520
	Replacement	1,387	1,372	924
	Total	3,667	3,629	2,444
Singapore	Population Increase	116	94	78
	Replacement	85	68	57
	Total	201	162	135
Thailand	Population Increase	887	738	591
	Replacement	1,355	1,128	903
	Total	2,242	1,866	1,494

Note: All figures in thousands. Replacement is calculated at 2 per cent per annum.

Assumption for different alternatives:

I, K = 1.00 household per living quarter

II, K = existing number of households per living quarter

III, K = 1.50 households per living quarter

Source: R Chander, *et al.*, "Housing Conditions and Housing Needs in Southeast Asia" (IDRC-supported Low-Cost Housing Study, 1975)

Under different assumptions of K, different levels of housing needs may be obtained. For example, if the nuclear family is an accepted norm in society, the assumption of  $K = 1$  would be proper in the estimation.

Under varying assumptions of K, Table 3 summarizes the projected housing needs for Southeast Asian countries in the present decade. It may be noted that the differential in housing needs can indeed be very large using different assumptions of K. Also, it is important to point out that current practices of estimation of the housing need in most of the countries under review appear to adopt the assumption of  $K = 1$ , i.e., subscribing to the tendency of increasing nuclear family formation. This observation is especially pertinent to Singapore and Peninsular Malaysia whose official estimates of housing needs in the period 1970-80 tally closely with the figures derived from Method 1.

It is obvious from Table 3 that with the exception of Singapore and Laos, the housing needs for the other Southeast Asian countries are considerable for many years to come. The figure of 15.7 million for Indonesia derived from Method I corresponds, coincidentally, very closely with an independent estimate by the Indonesian Central Planning Agency (BAPPENAS) in 1972. To meet the total national housing shortage, BAPPENAS) called for the construction of 1.5 million houses annually at a cost of about Rp 540 billion. In the major urban areas, an annual addition of 300,000 units would be required. Similarly, another study undertaken by the University of Indonesia has put the present national housing shortage at 1.8 million units per year. In still another study by the Ministry of Public Works, it was estimated that for Jakarta alone, an annual construction of 120,000 units would be needed to meet acute housing shortages.

In Malaysia a total of 259,810 housing units were built during the Second Malaysia Plan (1971-75) period. If we compare and infer from the figures shown in Table 3 for Peninsular Malaysia, this performance may be regarded as short of meeting the entire housing need. Under the Third Malaysia Plan period (1976-80), nevertheless, an accelerated programme of construction will aim at providing 484,800 units in the whole country, of which the public sector is responsible for 220,800 units, or less than half of the total requirement.

For the period 1970-2000, it has been calculated that 11.3 million units will be required to meet all housing needs in the Philippines, out of which 4.7 million units will be in the urban areas (De Vera, 1975). Counting only housing needs from new households and replacement, the housing need for the period 1970-80 amounts to 2,492,192 units, which, in comparison with the figures in Table 3, is between the levels indicated by Methods II and III. This level of construction is equivalent to about six new dwelling units for every 1,000 inhabitants. As the recent past performance averaged slightly over two units per 1,000 inhabitants, major efforts and resources will have to be made available to narrow the gap.

In contrast to the other countries, Singapore appears to be able to meet the entire housing need indicated. Unlike the other countries, too, the government has been singularly successful in providing housing within their means for the majority of the population. In the Third Five-Year Building Programme which ended in 1975, the Housing and Development Board (HDB) built a total of 113,819 units of flats and shops; another 125,000 to 150,000 flats are targetted for the Fourth Five-Year Building Programme which began in 1976. The two sets of figures representing building plans for the present decade by the HDB would exceed the total housing need of 201,000 derived from Method 1.



Finally, Thailand faces the problem of a need of over 200,000 new housing units a year to 1980. The National Housing Authority has set itself the task of building 120,000 units for the five years beginning 1976, or at an average of 24,000 units per year. There is the need to search for alternative ways to increase the rate of construction.

### Housing Policy

Truly national housing policy in Southeast Asia, if at all in force, is one characterized by its infancy and a spirit of experimentation. Singapore is probably the only exception to this generalization as it has achieved a measure of international recognition in the manner it has charted and successfully integrated an ambitious housing policy with national development. In most other countries in the region, housing policy options are now being tried and tested (Yeh, 1976). Although it will probably take many more years before their comparative merits can be verified, a review of some of the basic issues may be instructive at this time. The approach adopted in this section is to highlight the experience of policy options around several issues, rather than organizing the review on a country-by-country basis.

In terms of organization and seriousness of purpose, there are many spots of optimism in that over the past few years, significant national efforts have been brought to bear on the housing problem. The lesson of overlapping responsibilities and pernicious competition among public agencies with similar housing functions has been learned. Following Singapore's example, Indonesia, Malaysia, the Philippines and Thailand have lately taken positive steps in unifying their national efforts towards the objective of improved housing provision.

In 1974, the National Housing Authority was established in Indonesia to formulate broad national policies, with the National Urban Development Corporation acting as its executive agency. Similarly, Malaysia centralized its housing responsibilities through the creation, in 1975, of a National Housing Department under the Ministry of Housing and Village Development. The earlier programmes since the establishment of the Housing Trust in 1946 had not been particularly effective in reaching the needy. Also in 1975, a major re-organization took place in the Philippines with the formation of the National Housing Authority which had integrated most of the existing agencies and taken over their functions. As late as 1974, there were seven government agencies directly responsible for various housing and resettlement functions and another thirteen indirectly involved in housing provision and services. Thailand likewise consolidated the existing three government agencies into the National Housing Authority in 1973. Singapore, already with the well-integrated HDB, transformed the Urban Renewal Department of the HDB into a statutory board called the Urban Renewal Authority in 1975. A regional movement towards the creation of unified national housing bodies has started.

The formation of these unified national housing agencies may be seen as signals of enlarged government financial resources to these activities. In Malaysia, for example, the Third Malaysia Plan allocates a total of M\$2.5 billion for public housing and staff quarters, which is a threefold increase over the allocations under the Second Malaysia Plan (TMP, 1976, p.340). In like manner, the National Housing Authority of the Philippines is endowed with a capital of ₱500<sup>million</sup>, which is to be released at the rate of ₱50 million a year. This level of appropriation far exceeds the combined annual operating funds of all the dissolved agencies having housing responsibilities. To be sure,

Singapore continued to devote massive resources to its public housing programmes. During the financial year 1975-76, the HDB borrowed a total of S\$584 million from the government, as against the capital expenditure of S\$848. At another level, international assistance through the World Bank, has recently channelled its resources and expertise in an endeavour to improve housing conditions through sites-and-services projects in Jakarta, Surabaya, and Ujung Pandang in Indonesia, and in the Tondo area, Manila in the Philippines. All this should be accepted as the beginning of a long road towards better housing, for efforts by the public sector alone represent a bottomless pit. It must join hands with the private sector and the international community.

One of the most prevailing misconceptions in the housing provision in developing countries is the belief that, the private sector has only a small role or no role to play in meeting the housing needs of the urban poor. The private sector is assumed to cater to the upper- and middle-income groups because of its profit motivation; its contribution to low-income housing is minimal. However, a recent World Bank study (World Bank, 1975, p.21) has revealed that in a sample of Third World cities studied, the proportion of households unable to afford the cheapest form of housing available ranged from 35 to 68 per cent. If the burden of improving housing conditions of these staggering proportions of the urban poor falls only on the government, no amount of public response can ever be adequate. Alcock (1973, p.327) has summed up this position well:

When housing authorities do nothing but build houses, their working capital becomes quickly exhausted and their policies become unworkable. The whole burden of financing housing for the lower income groups is placed on the public sector of the economy. No effort is made to stimulate the private sector to assume some of the burden in the mistaken belief that it has no resources of its own.

Several students of housing in Southeast Asia have recently called for the greater participation of the private sector in low-income housing provision (Salih, 1976; Drakakis-Smith, 1976). It is argued that given the right kinds of incentives and government encouragement, such as tax reduction and exemption through the use of local materials, assistance in land assembly, and other forms of public policy measures designed to reduce the basic costs, the private sector can in fact build houses at considerably lower cost than they have been and will benefit a much enlarged sector of the urban poor. This policy is pursued in earnest in Malaysia which, under the Third Malaysia Plan, gives explicit policy emphasis on alleviating poverty. One of such strategies to attain greater social equity is deliberate measures to stimulate the private sector in low-income housing provision.

According to some researchers, even the joint efforts between the public and the private sectors are not sufficient in the face of explosive population growth and hopelessly huge housing deficits. A major re-orientation of policy priorities seeking grassroots involvement is necessary. Rosser (1971) thus advocates for Calcutta, as Turner (1967a, b) for modernizing countries in general, an approach which taps the efforts and initiatives of the people themselves. "The role of government should be to encourage and stimulate this initiative through imaginative land development policies, through a concentration of effort on improvements in environmental and social services, and through specific social and economic development programs" (Rosser, 1971). Indeed, the World Bank participation in sites-and-services projects in Indonesia and the Philippines may be regarded as the forerunner of the environmental approach with emphasis on self-help housing, in preference to the conventional housing deficit approach. From a hitherto concern for the physical construction of housing, the governments have shifted to a realization that, by providing the basic

services and infrastructure -- the environment -- the poor can look after themselves. This policy shift is accompanied by the tacit acceptance of squatter settlements as a legitimate form of shelter, notably in Jakarta (Grimes, 1976, p.26). At the risk of over-generalization, this trend may be indicative of a more sympathetic view of spontaneous settlements by the governments in the region. The traumatic relocation process on a large scale, as dramatized in the squatter clearance from the Intramuros and Tondo to Sapang Palay in Manila in 1963, may not be repeated. Unlike the prevailing negative attitude against slums and uncontrolled settlements in the sixties, it is now increasingly realized that these forms of settlement, despite their material deprivations, do maximize the family's opportunities for betterment in view of their proximity to work, low or free rent, active social and kinship networks (UN, 1973, p.59; Taylor, 1976, p.53).

In spite of the avowed objective of housing provision for the poor, the lack of precision in the identification of target groups is a common cause of the ineffectiveness of a housing policy. As a background to the housing policies in the Third Malaysia Plan, it was found out that in Kuala Lumpur, the cheapest form of housing provided by the government and the private sector ranged from M\$7,700 to M\$20,000 respectively. In as much as previous survey results revealed an average of 15 per cent of the household income spent on housing, it has been estimated that about 70 per cent of the urban population, or those belonging to households with monthly income less than M\$400, would not be able to afford the cheapest form of housing available. Consequently, the Third Malaysia Plan is explicit in its policy to assist the poorest sectors of the urban and rural population to acquire proper housing. This policy goal will be operationalized through joint public-private sector efforts to build housing units within the price range of M\$5,000 to M\$7,000 each, sites-and-services projects in urban areas with housing lots having basic housing shells at an estimated cost of

M\$3,900 for relocated squatter families, and squatter improvement schemes through the provision of basic services and facilities within the neighbourhood (TMP, 1976, p.337). In Thailand, the National Housing Authority has also under its Five-Year Plan (1976-80) attempted to differentiate its target groups into three by income. The projected 120,000 units to be built in the Plan period will be concentrated in the lowest income groups with monthly household income of less than 1,500 Baht and in the 1,500 to 3,000 Baht range. The third group comprises households earning monthly income between 3,000 and 5,000 Baht. Varied housing alternatives are provided for the three target groups with rental and hire-purchase schemes tailored to their ability to pay (NHA, 1975, pp.24-25). Another variant of policy decision to respond to different target groups is Singapore's well-established practice of varying the supply by a mix of public flats by room size. As economic progress has been made in the public in recent years, the demand of public flats has noticeably shifted from smaller-sized to larger-sized ones.

To be successful, any housing policy must be supported by appropriate monetary policies. Buu Hoan (1973, p.38) has maintained that one of the greatest handicaps in developing the housing sector in Southeast Asia is the paucity of mortgage institutions. This shortcoming was echoed by Grimes (1976, p.92) who saw a resultant distortion in savings patterns that would discriminate against housing. Financial institutions of diverse kinds tend to be overly cautious in granting mortgages, preferring by and large to deal with the middle-income groups. Mortgage loans through regular bank channels concentrate on this low-risk group, with the result that as much as 70 per cent of the population -- the lowest-income groups -- are excluded from this form of financing (Buu Hoan, 1973). The mortgage market is a small part of the overall financial sector which is shaped by overall monetary policies. To the extent of channelling financial resources to the housing sector, healthy

competition among banks should be encouraged, interest rates should be carefully regulated, and pension funds, savings insurance premiums should be promoted. With the creation of unified national housing bodies in the region, there is the hope that more resources from both the public and private sectors, will be mobilized for housing related activities. The feasibility of establishing a housing bank, for example, is being studied in the Philippines.

In addition to a monetary policy, a successful housing programme rests on a sound land policy. Too often land reform is confined to the rural areas, whereas the need for urban land reform in many instances is just as urgent. Land availability is a critical component in any housing policy. Lack of suitable land and its high prices on the one hand, and ineffective land control on the other, continue to bedevil many well intentioned objectives of improving housing for the masses. The various measures to enhance low-income housing provision in South-east Asia have been detailed elsewhere (Yeung, 1976b). Two policy options are especially important. One is the need to create a land reserve within the urban area, invoking a range of policy instruments from regular purchase at market price to compulsory acquisition. The value of a land bank for housing and other uses is still to be recognized by many countries. Singapore, however, has been exceptionally successful in assembling land for its large-scale public housing projects, and has earmarked land to the end of this century! The other policy consideration for many city governments in the region is to curb land speculation more effectively. Evers (1975) has observed that in Southeast Asia, where alternative investment opportunities are less promising, speculative land investment by the private sector in the urban fringe of rapidly expanding cities is rife. To arrest this trend, a deterrent speculative tax and capital gain tax might be imposed to dampen any attempts to hold idle land for speculative purposes. In the housing development plans formulated by the newly formed unified national

housing bodies, there is little evidence to suggest that any departure is being made to establish policy instruments and controls. A bold land policy would run counter to many vested interests, but if any appreciable progress is to be made, some bold departures may be necessary.

Finally, the issue of how to increase the use of local building materials and labour force participation warrants policy considerations. A breakdown of house-building by elements of cost shows that, on the average, building materials consist of 50 to 70 per cent of the total costs (UN, 1973, p.220). More important, a significant proportion of the building materials used in developing countries is imported. In the ESCAP countries it has been estimated that some 30 per cent of the construction costs consists of imported building materials (UN, 1973, p.207). On the other hand, Grimes (1976, p.53) has noted that the clay-brick and roofing-tile industries in these countries involving low labour costs and labour-intensive methods have been able to compete successfully in production process that have long been mechanized in industrially advanced countries. Moreover, sites-and-services schemes have been able to substitute self-help for contracted labour in housing production and, in the process, realize cost reduction up to one-third of the total costs. Considering the low level of labour force participation in the construction industry in Southeast Asia, as discussed earlier, housing policy should take into account the abundant and relatively idle labour force and come to a realistic trade-off between labour-intensive methods and expensive, imported material-based building technologies.

### Conclusion

It should be clear from the foregoing that, in view of the trends in population and economic growth, urbanization process and the



magnitude and dimensions of the housing problem, it would be many decades instead of years before the housing problem can be effectively tackled in the region. In the meantime, a period of trial and experimentation will prevail, with a range of policy options and instruments tested for their effectiveness and suitability in relation to local needs. If economic progress is notable and sustained in any country, coupled with a correspondent increase in housing commitment, the period required to achieve a national housing solution may be shortened. Singapore is left out of in this discussion, as major uninterrupted government commitments to the housing sector since 1960 have succeeded in providing affordable and decent housing for the majority of the population.

However, the Singapore model is scarcely replicable in other Southeast Asian countries since Singapore's city-state status makes some of its patterns of development unique. There is, nevertheless, a wealth of specific practical experience in the Singapore case which may be applied to useful ends in the other countries. What the countries in the region are confronted with are not problems peculiar to this part of the world. The housing crisis is a manifestation of the syndrome of poverty as well as a point of convergence in the processes of population explosion and urban implosion widely recurring in the Third World. The experience in the various countries to date appears to suggest that conventional approaches to housing production and provision, especially those derived from the industrially advanced countries, will not provide the answer to the riddle. Each developing country must evolve its own housing solution which reflects cultural and social values of that society. This is a challenging task, for it demands a resolve to provide housing for everybody which must be equalled by the means to fulfil this goal and the ingenuity of the people to find new ways to meet an old problem.

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