

Humanising housing: A brief primer

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Introduction

Malaysia, through the Ministry of Housing and Local Government, has recently won its bid for the presidency of the UN Habitat General Assembly. As Malaysia sits as co-chair for the UN Habitat presidency for the next 2 years (2025-2027), the national housing agenda must take centre stage in our wider discourse on advancing efforts to promote sustainable urbanisation and human settlements. To do this, we must reflect on the current practices of our own housing sector to forge the way forward for ourselves and the world.

Over the next few weeks, KRI hopes to spark a healthy debate on what this future should look like through a series of interrelated articles on housing. This brief provides an overview of selected issues that are featured in this series.

Views are short opinion pieces by the author(s) to encourage the exchange of ideas on current issues. They may not necessarily represent the official views of KRI. All errors remain the authors' own.

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People, places, and housing

A house is, first and foremost, a home.

Houses are owned or occupied by people, are located within a neighbourhood, and form part of a wider kampung, town or city. Houses fulfil the basic human right for shelter and is “the basis of stability and security for an individual or family”¹. Thus, when we talk about housing, it is pertinent that these discussions fundamentally revolve around the needs, values, and priorities of the people and households that live in them. As such, housebuilding practices in our country and the regulatory framework that governs it should be anchored in principles that encourage the pursuit of this goal.

This means prioritizing the individual’s right to adequate housing², first through the provision of secure tenure, regardless of your status as a renter or homeowner. As our country designs its first Rental Tenancy Act, the provisions under this act must provide the grounds to present renting as a viable option to meet one’s housing needs, not as an inferior alternative to homeownership³. Renters must be given adequate protection under the law against forced evictions, discriminatory rental practices, and substandard housing quality.

More importantly, the narrow interpretation of what ‘adequate housing’ means for our country has relegated many of our policy interventions thus far to simply prioritize putting a roof over someone’s head without accounting for the suitability or liveability of the housing unit. While issues on housing quality are more pervasive within the social housing sector⁴, the current policy focus on improving housing affordability has been pursued at the expense of maintaining liveable standards for households and communities. This strategy overlooks the fundamental need of individuals and families to access decent housing.

Similarly, debates surrounding the recent announcement over the proposed Urban Renewal Act highlight the need to centre the discourse on when and why redevelopment is needed and how to do so equitably. Urban renewal initiatives under the act (if adopted) must be anchored and driven by the need to improve the quality of life for households and neighbourhoods. To do this, the proposed URA and its underlying legal provisions must be designed to safeguard the needs and rights of affected households; the Act must place affected families and communities as its main and biggest beneficiaries. This means prioritizing renewal and rejuvenation initiatives over outright redevelopment in the first instance to ensure that existing communities are not displaced. This means ensuring that the financial and societal benefits from renewal, rejuvenation, and/or redevelopment initiatives are primarily held by and/or returned to the families and communities of the designated areas of renewal/redevelopment.

¹ UN (n.d.)

² Adequate housing was recognized as part of the right to an adequate standard of living in the 1948 Universal Declaration of Human Rights and in the 1966 International Covenant on Economic, Social and Cultural Rights.

³ KRI (2019)

⁴ See KRI’s 2023 report, “Decent Shelter for the Urban Poor: A study of Program Perumahan Rakyat” for a detailed analysis on the liveability conditions of houses in the Malaysian social housing sector.

Shift the risks, coffer the profits

Apart from the issues I have highlighted in the preceding section, we must also consider the way our housing ecosystem has been built and designed. We must ask, who benefits the most from the way houses are built in this country?

Under the current Sell-then-build (STB) system, housing developers and banks benefit by shifting the costs and risks of housing development to the house buyer. Individuals or families who want to own new homes under the STB system are forced to buy these houses before they are built, often through mortgages provided by the banking system. By linking consumer mortgages to the production of housing, our housing delivery system allows housing developers to gain access to essentially free financing to build houses as the financial costs and risks are primarily borne by the buyers. Under the STB system, when you sign an SPA to acquire a house, you essentially act as an investor in the housing development project – you provide funding to the housing developers, and you bear the risk of project failure⁵.

The banking system is complicit in this practice. Housing loans are attractive for banks because they are low risk: interest payments on housing loans are front-loaded (i.e. banks secure their profits from the loan early in the tenure), the tenure on housing loans are long (i.e. most housing loans have a lifespan of 30-40 years), and most importantly, housing loans are backed by an actual asset (i.e. the house is the collateral on your loan). Instead of lending money to developers and taking on the higher risk of funding the development of a housing project, banks choose to profit from this system by shifting the risk to house buyers. When you sign a loan agreement with the bank to buy a new house under the STB system, you are essentially borrowing money on behalf of the housing developer.

A system that allows these practices to perpetuate is neither efficient nor just – it is predatory. Thus, the demand to shift to the Build-then-sell system is not only necessary, but also way overdue. The housing industry has had 60+ years to build and hone its capabilities, both financial and operational. It must now be able to thrive through innovative building practices and the production of competitive housing products, not through the direct financial support of its housebuilding practices by Malaysian households.

The way forward – Better housing is the only option for Malaysia

As we forge our way forward, we must change the way we look at housing. Houses in the country must not only be affordable, but they must also effectively serve the needs and aspirations of diverse Malaysian households. To do this, housing policy and proposed housing interventions in the country must be guided by the true purpose of housing, that is, to accord households with a “secure base from which to carry out all of life’s functions” and allow them “full citizen participation in society and the economy”⁶. The centrality of housing to an individual and/or family’s pathway to a dignified life must be accounted for in our national discourse on housing and what needs to be done to improve the state of the housing sector in the country.

⁵ KRI (2024)

⁶ Hearne (2020)

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