



A Study on Unoccupied and Delivery Process of Low-Cost Housing Units in Terengganu

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ABSTRACT

The implementation of Affordable Housing Programs (Rumah Mampu Milik – RMM; Rumah Pangsapuri Mampu Milik – RPMM) coincides with the goal of the National Housing Policy to provide adequate, comfortable, quality and affordable housing to improve the well-being of the people. Since introduced in 2008 until June 2019, there were 24 affordable housing projects implemented by the state of Terengganu with an allocation amounted to RM688.99 million. The report of Auditor General's office revealed that there were 236 houses of delivered but not occupied and abandoned for years. The unoccupied houses depict a growing demand-supply gap in low-cost housing facing by the Terengganu government. In addressing the limited resources and shortage of affordable housing issue in Terengganu, this study aims to explore the low-cost housing situation in Terengganu by identifying and organising the possible factors and proposing a theoretical framework for future empirical validation. The study adopts a conceptual research design by extensively search and analyse the secondary sources of information through review of academic articles, publications pertaining to this matter in relevant media and related documents. The results of the documentary analysis revealed the reasons for unoccupancy of the house might include economic constraints, inadequate facilities, job relocation, and structural or design issues of housing units. Unoccupied units in these housing projects can be attributed to issues such as poor location, lack of basic amenities, inefficient allocation processes, and homes being used for temporary accommodation or homestays rather than permanent residence. Hence, this study will provide context on the low-cost housing situation in Terengganu to explore the issues further.

Keywords: Low-cost housing, Unoccupied house, Delivery process, Terengganu state.

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INTRODUCTION

In Malaysia, the issue of unoccupied housing units has become significant, with a report in 2022 indicating that 1.9 million out of 9.6 million residential units are unoccupied. This problem is not limited to any single state, but the overall trend raises questions about housing policies and market dynamics. The statistics show the number of unoccupied units has increased dramatically from 700,000 in 2010 to 1.9 million in 2020, indicating a significant challenge in the housing sector. In Terengganu, same as other parts of Malaysia, unoccupied units in low-cost housing can be attributed to factors such as poor location, lack of economic activity in certain areas, and they prefer to stay at temporary accommodation or homestays rather than permanent residence. Additionally, the rising number of vacant units reflects broader issues such as the commodification of housing, where homes are purchased as investments rather than for living purposes (MalaysiaNow).

The provision of affordable housing or better known as low-cost housing has been a major focus of the Malaysian government and state in ensuring overall well-being, especially for the B40 households. Since introduced in 2008 until June 2019, there were 24 affordable housing projects implemented by the state of Terengganu with an allocation amounted to RM688.99 million. Despite efforts by the state government of Terengganu, a few of these houses are left unoccupied and run down although the units had been transferred to the decided owners. An audit in 2018 by Auditor General's office on eight projects revealed that there were 236 houses delivered but not occupied and abandoned for years (Laporan Ketua Audit Negara, 2018). If all the projects were audited, the number of unoccupied houses could be much bigger. With limited resources and a shortage of affordable houses, this situation possesses a threat that increases the demand-supply gap of low-cost housing in Terengganu. Moreover, Auditor General is in the opinion that the multi-stage distribution of houses exercises by the authority is inefficient as the duration of the warranty for defects have ended causing the government to bear the cost of damage and maintenance for the undelivered housing units.

Hence, this study will provide context on the low-cost housing situation in Terengganu to explore the issues further. This study is expected to narrow down the gap between demand and supply by examining what are the determinants of unoccupied house and how the state government may consider constructing new affordable housing projects in the future. Also, a study will propose a framework to enhance the relevant authorities to successfully deliver the housing units to intended owners.

RESEARCH DESIGN

The study adopts a qualitative research design through the analysis of secondary data. In this conceptual research, the secondary sources of information pertaining to unoccupied low-cost houses are extensively searched and analysed. Firstly, the study reviews related documents published by relevant authority and publications pertaining to this matter in relevant media to assess the significance problem associated with unoccupied low-cost houses. A significant proportion of 8.3% unoccupied units found which highlighting a potential mismatch between housing supply and actual occupancy needs. Secondly, the extensive review of academic articles is carried out to determine the contributing factors of unoccupied low-cost houses. The findings of the latter provide contributing factors to unoccupied low-cost houses which being discussed further in section below.

HOW SERIOUS IS UNOCCUPIED LOW-COST HOUSES?

When audit by Auditor General's office in 2018 on eight projects, they revealed that 234 houses were delivered but not occupied and abandoned for years, suggesting the mismatch between demand and supply (Laporan Ketua Audit Negara, 2018). The number of unoccupied houses will definitely be much higher if all 24 completed projects were audited. The audit report suggests that the management of the low-cost housing units, especially the delivery process was inefficient.

Based on the data in Table 1, it was found that 561 out of 6,779 low-cost housing units handed over remain unoccupied. This constitutes 8.3% of the total units, which, while seemingly a modest percentage, is significant when considered in the context of housing availability and urban planning. While 8.3% may appear small in percentage terms, it represents 561 units, which translates to 561 families potentially without a home or unwilling to occupy the units provided. This is a substantial figure when viewed from a social welfare perspective. Low-cost housing is often targeted at vulnerable populations. Therefore, the presence of such a large number of unoccupied units raises questions about whether the supply is genuinely meeting the needs and preferences of the target demographic. Given this 8.3% unoccupancy rate cannot be dismissed as negligible. It warrants deeper investigation to uncover underlying causes and ensure housing initiatives deliver their intended benefits effectively.

The distribution of these unoccupied units varies across districts and projects, indicating that certain areas face more challenges in ensuring full occupancy. Factors contributing to this phenomenon could include location accessibility, lack of nearby amenities, or mismatch between the design of the housing units and the preferences of prospective occupants. To address this, it is recommended that local authorities like PMINT to conduct targeted surveys to gather feedback from tenants on the reasons for unoccupancy. By understanding and addressing the underlying issues, policymakers and developers can ensure these housing projects achieve their intended social objectives effectively. Also, further analysis into the demographics of the tenants and the specific reasons for issuing notices of unoccupancy would be critical to understanding the root causes.

Table 1: The number of tenants by district/project who issued notices of unoccupancy for the houses that have been handed over (*Laporan Tahunan dan Kewangan PMINT, 2023*).

NO	DISTRICT / PROJECT	NOTICE FOR UNOCCUPANCY
BESUT		
1	RMM PADANG LUAS	29
2	RPMM MENGABANG BESAR	4
3	RPMM TOK SABOH	-
4	RMM GONG TENGAH	26
5	RMM GONG NERING	10
6	RMM PASIR AKAR	19
DUNGUN		
7	RMM PAYA BERIL	31
8	RMM BATU 7	88
9	RMM PAYA LAWAS	14
10	RMM BUKIT TEBUK	5
11	RMM RIMBUNAN KASEH	12
HULU TERENGGANU		
12	RMM PEKAN AJIL	13
13	RMM BATU 22	41
14	RMM SUNGAI BAJAR	1
15	RMM TAJIN	-
KEMAMAN		
16	RMM PADANG KUBU	19

17	RMM GONG CHENGAL	75
18	RMM PERASING JAYA	7
19	RMM TELUK KALONG	11
20	RMM SERI BANDI	21
KUALA TERENGGANU		
21	RMM BATU HAMPAR II	26
22	RMM BANGGOL TUAN MUDA	17
23	RPMM CERONG BINJAI	6
KUALA NERUS		
24	RPMM TAMAN BATIN PERDANA	6
25	RPMM PULAU REDANG	-
26	RPMM PULAU DUJONG II	-
MARANG		
27	RMM BUKIT GASING	57
SETIU		
28	RMM SUNGAI TONG II	23
JUMLAH		561

CONTRIBUTING FACTORS TO UNOCCUPIED LOW-COST HOUSES

Past studies on abandoned low-cost houses identified a mismatch between low-cost housing supply and needs as the main contributing factor (Syafiee Shuid, 2020; Hashim et al., 2012; Wahi et al., 2018; Azmi et al., 2019). The performance of the public housing program does not only rely on the number of units that have been completed but also on the satisfaction of residents in their units. The determination of satisfaction factors is an important indicator of housing quality and condition, which affects individuals' quality of life and essential inputs in monitoring the success of housing policies (Hashim et al., 2012). Many of these buildings are overcrowded, contribute by proximity to the workplace and expensive rental housing, thus inimical to people's health and well-being (Azmi et al., 2019). Hashim et al. (2012) study also concludes that unsatisfied indicators are related to dwelling units such as natural lighting and air circulation, and with a residential community such as facilities related to public transport, educational and health. The feeling of unsatisfied causes the owners to move out or chose to abandon their houses.

Besides the mismatch between demand and supply, there is another factor that wider the gap; the 'fake' eligible owners. Ebekozean et al. (2019) study found under-declared income by house-buyers (frequent in states with lax enforcement), auction of low-cost housing in open bidding, and sales of low-cost housing within the moratorium period by house owners for profiteering among others as the root causes of lowcost housing leakage. These activities prove that the owners are not eligible or in need of low-cost houses from the beginning, thus abandoning the houses at their convenience. Ebekozean et al. (2019) conclude that the government should engrave the land tile deed such that only low-income earners are eligible to possess low-cost housing. Also, states should set up a joint task force that comprises land, planning, and housing department to monitor and ensure compliance.

The issue of residential satisfaction in low-cost housing is a critical factor influencing the quality of life for occupants, particularly in developing regions like Malaysia. This review synthesizes findings from several key studies to explore the determinants of residential satisfaction in low-cost housing, with a focus on the Malaysian context. Several studies have highlighted the importance of housing quality in determining residential satisfaction. The research by Salleh and Yusof (2006) provides a comprehensive examination of residential satisfaction across Penang and Terengganu, identifying housing quality, particularly the condition of dwelling units and services provided by developers, as significant factors influencing satisfaction levels. The study reveals that while residents generally express higher satisfaction with the quality of the housing units themselves, there is considerable dissatisfaction with neighbourhood facilities and the surrounding environment.

Neighbourhood facilities and services of low-cost housing play a crucial role in shaping residents' satisfaction. The study by Pauzi et al. (2017) specifically examines the low-cost housing environment in Kuala Terengganu. The findings indicate that residents are moderately satisfied with the provided facilities, such as education and healthcare, but express dissatisfaction with the availability and quality of public transport, parking, and recreational facilities. These problems affected negatively on the quality of life and, as a result, the residents were dissatisfied. The study underscores the need for improved planning and management of neighbourhood facilities to enhance the overall quality of life for residents in low-cost housing.

Meanwhile, Zamri et al. (2021) explore various determinants of residential satisfaction in low-cost housing in Terengganu. Their study identifies location, design quality, and the surrounding environment as the most significant factors influencing satisfaction. Interestingly, community and neighbourhood factors were found to have a less significant impact on satisfaction, suggesting that while physical and environmental aspects are crucial, social factors may not be as influential in the context of low-cost housing in Terengganu. A study by Azman and Harith (2020) reveals significant correlations between these determinants and residential satisfaction, with neighbourhood characteristics showing the strongest relationship ($r = 0.698$) in Johor. The findings suggest that improvements in housing facilities and neighbourhood infrastructure can significantly enhance the overall satisfaction

of residents in low-cost housing developments. This study identifies three primary determinants: dwelling features, facilities of the house, and neighbourhood characteristics.

Another study by Salleh (2008) delves into the impact of neighbourhood factors on residential satisfaction in private low-cost housing contexts. This study highlights that the availability and quality of neighbourhood amenities, such as safety, cleanliness, and accessibility to essential services, are crucial determinants of satisfaction. The research emphasizes that residents' perceptions of neighbourhood safety and the adequacy of public facilities, including parks, schools, and healthcare centres, are critical to their overall satisfaction. The study concludes that enhancing these neighbourhood factors is vital for improving residential satisfaction in private low-cost housing projects across Malaysia.

Location and accessibility are consistently identified as key determinants of residential satisfaction. The findings from several studies, highlight the importance of proximity to essential services and amenities. These studies collectively suggest that residents in well-located areas with easy access to public transport, schools, and healthcare facilities report higher levels of satisfaction compared to those in more isolated locations (Salleh and Yusof, 2006; Zamri et al., 2021). Despite the government's efforts to provide adequate low-cost housing, challenges remain. The research consistently points to issues such as inadequate neighbourhood facilities, poor maintenance, and suboptimal locations as barriers to achieving higher satisfaction levels among residents. These challenges are particularly pronounced in Terengganu, where the slow pace of development and the lack of economic opportunities further exacerbate the problem of unoccupied and underutilized housing units.

In Malaysia, the effective delivery of low-cost housing in Malaysia faces significant challenges, which are often reflected in the high number of unoccupied units. This delivery process of low-cost housing is often hampered by several challenges, including bureaucratic delays, funding issues, and inadequate infrastructure (MalaysiaNow). Bureaucratic delays are a primary issue, where complex approval processes and regulatory requirements slow down the pace of housing projects. These delays not only postpone the completion of housing units but also lead to increased costs and reduced project viability. Funding issues further exacerbate these challenges. Insufficient financial support, both from government sources and private investors, results in suboptimal construction quality and incomplete infrastructure. This lack of funding also hampers the maintenance and upgrading of existing housing units, making them less attractive to potential occupants. Besides that, infrastructure inadequacies, particularly in terms of public transportation and essential services, play a crucial role in the high vacancy rates of low-cost housing. Many units are located in areas with poor access to transport, schools, and healthcare facilities, making them undesirable for residents. This situation is compounded by the fact that these areas often lack economic opportunities, leading to a cycle of poverty and underutilization of available housing. These challenges highlight the need for a more integrated approach to housing development in Malaysia. Addressing bureaucratic inefficiencies, securing adequate funding, and ensuring the provision of essential infrastructure are critical steps toward improving the occupancy rates of low-cost housing units. By tackling these issues, Malaysia can better meet the housing needs of its low-income population and reduce the number of unoccupied units.

Despite the wealth of research on this topic, there remains a notable gap in studies focusing on the specific conditions of Terengganu. While existing literature provides a broad understanding of the issue, localized studies are necessary to develop targeted interventions. Thus, a further study is to be taken to address this gap by exploring the unique economic and social factors affecting low-cost housing occupancy in Terengganu, thereby contributing to a more nuanced understanding of the issue. Hence, this study expects to uncover the reasons for the problem and propose an appropriate framework to assist the relevant authority in affordable housing management to prevent the wastage of government resources.

DISCUSSION

This research is driven by the concerns of the significant number of unoccupied low-cost housing units in Terengganu, reflecting broader challenges such as the effectiveness of the delivery process, bureaucratic delays, insufficient funding, inadequate infrastructure, and the overall residential satisfaction of low-cost housing. These issues not only contribute to the underutilization of housing resources but also hinder the government's efforts to provide sustainable and affordable housing solutions for the most vulnerable populations.

This research is expected to contribute to theory and practice in several ways. This research is expected to contribute to theory by expanding the understanding of residential satisfaction and housing delivery processes in the context of low-cost housing, particularly in developing regions like Terengganu. By examining the determinants of unoccupied low-cost housing and occupancy rates, the study offers a more nuanced theoretical framework for analysing housing policy effectiveness. Additionally, it integrates social, economic, and environmental dimensions into the discussion, thereby enriching existing theories on sustainable housing and community development.

This research is expected to make significant contributions from a practical perspective by providing actionable insights for policymakers, housing developers, and community planners. By identifying the specific challenges in the delivery of low-cost housing, such as bureaucratic delays, funding issues, and infrastructure deficiencies, the study offers practical recommendations for improving housing policies and practices. The findings can guide the development of more efficient housing delivery systems, ensuring that resources are better allocated and that low-cost housing projects are more successful in meeting the needs of the target population. Furthermore, the research highlights the importance of integrating community feedback into housing design and location decisions, which can lead to higher occupancy rates and improved resident satisfaction. This practical approach can ultimately help reduce the number of unoccupied units and enhance the overall effectiveness of housing initiatives in Terengganu and similar regions.

Therefore, this research is significant because it proposes practical solutions and strategies to reduce the number of unoccupied low-cost housing units in Terengganu. It is hoped that this study will benefit low-cost housing developer to incorporate the needs of the intended owners in planning, designing and building the house. Also, the selection committee by the State

government to design selection criteria which can identify the right candidates. An appropriate framework will propel the Terengganu Government's commitment to providing affordable housing or better known as Rumah Mampu Milik and Rumah Pangsa Mampu Milik in ensuring overall well-being, especially for the B40 households. It supports the National Housing Policy to provide adequate, comfortable, quality and affordable housing to improve the well-being of the people. It also coincides with the National Policy on Environment in ensuring the long-term sustainability and improvement in the quality of life of the people.

CONCLUSION

Prior studies highlight that while residents generally express satisfaction with the quality of their dwelling units, there are significant concerns related to neighbourhood facilities, infrastructure, and service provision, particularly in less-developed areas like Terengganu. Factors such as poor public transportation, lack of community amenities, and safety issues contribute to lower satisfaction levels. Additionally, the research underscores the importance of neighbourhood dynamics and the social environment in shaping residents' overall satisfaction. The findings suggest that for low-cost housing projects to be truly successful, there needs to be a comprehensive approach that integrates the development of essential services, safety infrastructure and community facilities. This would not only improve the live ability of these housing units but also address the underlying issues that lead to high rates of unoccupancy. Collectively, the studies call for more attention to be paid to the specific needs of residents, advocating for policies that ensure holistic community development alongside housing provision. This study will build on these findings by focusing specifically on Terengganu, providing localized insights that can inform more effective housing policies.

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