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Malaysia's Housing Planning Approval: Rent-seeking Behaviours

Suhaila Ali*

School of Housing, Building and Planning, Universiti Sains Malaysia, 11800 Pulau Pinang, Malaysia.
Faculty of Architecture, Planning and Surveying, Universiti Teknologi MARA, Perak Branch, Seri Iskandar Campus, Seri Iskandar 32610, Perak, Malaysia.

Abdul Rashid Abdul Aziz

School of Housing, Building and Planning, Universiti Sains Malaysia
11800 Pulau Pinang,
Malaysia.

*Corresponding author's Email: suhailaali2016@gmail.com

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lat 306 Savoy Residencia, Block 3 F11/1, 44000 Islamabad. Pakistan,
info@readersinsight.net

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Research Objectives

The housing planning approval plays as a major contributor to the commencement of housing project developments (Abdullah, Abdul Rahman, & Harun, 2011). The process through the complex maze of regulation and procedures, and governed by the local planning authority of an area (Abdullah et al., 2011; Ball, 2010; Mohd et al., 2009; Nuruddin et al., 2015; Siong, 2013). The involvement of various staff of approving agencies provide ample opportunities for rent-seeking behaviours (A.-R. Hamzah, Wang, & Yap, 2010). Prolonged and even delayed property development approval process by approving agencies, manual and paper-based approach used for vetting and for granting the highly subjective and non-transparent permission also provide opportunities for rent-seeking behaviours to be rampant (Abdullah et al., 2011; Ball, 2010; Firdaus, 2013; Hamzah, 1997; Hussnain et al., 2016; Mohd et al., 2009; Nuruddin et al., 2015; REHDA, 2015; Siong, 2013). In view of this concern, this paper highlight the need to look into rent-seeking behaviours which inevitably leads to problem in obtaining planning approval and developers' expectations when giving out rents to staff of approving agencies.

Methodology

An exploratory sequential mixed methods, which starts with the qualitative approach as dominant data and followed by the quantitative approach (i.e. "QUAL" study is larger than the "quan" study) was taken to conduct this study. In Phase One, data were collected through semi-structured interviews with 22 private housing developers (or consultants working on their behalf) through snowball sampling. They were located in various states throughout Peninsular Malaysia. In order to reinforce the results obtained, Phase Two- quantitative method utilised a postal questionnaire survey was conducted based on the research variables that emerged from Phase One-qualitative method. Utilising this research design, variables from the analysis of the qualitative data were used as the foundation for writing questions (Berman, 2017). Data were collected through postal questionnaire survey with private housing developers all across Peninsular Malaysia, adopted stratified sampling and followed by simple random sampling. A total 297 questionnaires were distributed with 42 responses representing 14.1% in terms of response rate. 5 to 10% was the typical response rate of the questionnaire survey conducted in the Malaysian construction industry (Abdul-Aziz, 2012; Dulaimi et al., 2003; Hamzah et al., 2010; Yong and Mustaffa, 2013).





Results

The participants commented that the problems in obtaining planning approval partly emanates from the implementation of One Stop Centre (OSC) unit that is guided by OSC 3.0. The OSC exists at each local authority and is responsible as a centre to receive development proposals and coordinates the applications to relevant approving agencies for processing and approval. The timeframe for giving approval are different between local authorities. According to the participants, the OSC do not function effectively. Some participants pointed out that the implementation of OSC 3.0 is time consuming. Concerns were expressed about rampant rent-seeking behaviours because it is time-consuming to obtain planning approval, thus forcing developers to act. The other participants also pointed out that OSC 3.0 provides space for the rent-seeking behaviours because the developers have the opportunity to directly deal with the staff of approving agencies if there are problems regarding their applications, or to expedite the approval. The majority of participants agreed that delay in planning approvals (i.e. exceed allocated time frame) motivated developers to give rents as a last recourse to provide the solution. By giving out rents participants revealed that the process to obtain planning approval becomes easy and smooth.

Findings

The findings show that lengthy period to obtain planning approval is the key problem in housing planning approval which can be attributed to varying process of planning approval according to each local authority, OSC not functioning effectively, and implementation of OSC 3.0 itself that is cumbersome and even repetitive. These problems enable rent-seeking behaviours to flourish. Its also indicated that staff of approving agencies purposely delay approvals to seek rents.

There are six developers' expectations from approving agencies when giving out rents: to receive sufficient and timely information, to reduce unreasonable reviews and comments; and reduce poor discretion, to make it easier to make an appointment with approving officers, bypass the operational staff for rapid; and clear decisions by approving officer, cut submission queue and able to bend the rules; and to get flexibility in compliance the requirements.





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