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PUBLICATION SERIES

REDEFINING AFFORDABLE HOUSING IN SABAH

A Consumer-Centred Framework for Lifecycle Affordability

Towards Housing That Is Genuinely Affordable to Own, Occupy, and Live In

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Foreword

You saved for years. You committed to a thirty-year mortgage. You moved in, and everything looked fine.

Within three years, the bathroom leaked, the kitchen tiles cracked, and the wall paint was peeling. You paid to fix it yourself because the defect liability period had expired. Your maintenance fee went up twice because the sinking fund could not cover the lift repair. You can never find parking when you come home after seven in the evening. During the monsoon, the water supply was cut for five days and your three-day tank ran dry. When the heavy rains came, your neighbour's ground floor flooded because a new development upstream had altered the drainage.

This is not affordable housing. This is housing that appeared affordable on the day you signed the Sale and Purchase Agreement.

This publication argues that Sabah's citizens deserve better — and that delivering better is not only possible within the existing regulatory framework, but is commercially sustainable for the developers who choose to do so.

This paper does not call for changes to existing laws, regulations, or policies. It accepts the regulatory terrain as it is. Instead, it proposes a framework for understanding what "affordable housing" genuinely means from the perspective of the person who will live in it, and offers practical strategies for delivering that housing within the realities of Sabah's development environment.

Part 1

The Consumer's Perspective: What "Affordable" Actually Means

1.1 Beyond the Price Tag

The conventional approach to affordable housing in Malaysia equates "affordability" with a low selling price — typically benchmarked against price ceilings such as RM300,000 or the various federal and state definitions under PR1MA, Rumah Mampu Milik, and similar programmes. This is a one-dimensional measure. It asks only: *"Can the purchaser afford to buy this premises?"* It does not ask: *"Can the purchaser afford to live in it?"*

True affordability is the total cost of ownership and occupation experienced over the entire lifecycle of the premises. A home that is cheap to buy but expensive to live in is not affordable. A home that is cheap to buy but floods every monsoon is not affordable. A home that is cheap to buy but depreciates in value because the development is poorly maintained is not affordable.

This paper proposes that affordability must be understood as a composite of **five dimensions**, each of which contributes to the true cost of housing as experienced by the person living in it.

1.2 The Five Dimensions of Lifecycle Affordability

Dimension 1: Acquisition Cost

This is the purchase price and all costs associated with acquiring the premises: the selling price itself, stamp duty, legal fees, loan processing fees, valuation fees, and the deposit quantum. It is the dimension that receives the most attention in housing policy — but it is only one of five.

For the purchaser, the critical question is not merely "Is the price within my budget?" but "Can I access the financing to acquire it?" Loan eligibility, deposit requirements, and the availability of schemes such as the Skim Jaminan Kredit Perumahan (SJKP) all determine whether a nominally affordable price is actually accessible to the target purchaser.

Dimension 2: Occupation Cost

This is the monthly and annual cost of living in the premises beyond the mortgage repayment: electricity bills, water charges, maintenance fees and sinking fund contributions (for stratified developments), rates and assessments, home insurance, and the cost of repairs and maintenance that the owner must bear.

In Sabah's equatorial climate, electricity cost is a dominant component of occupation cost. A premises with poor orientation — primary living spaces facing the afternoon western sun, inadequate window openings, no cross-ventilation — may require air-conditioning for twelve or more

hours daily. At current Sabah Electricity tariffs, this can add RM300–500 per month compared with a well-oriented, naturally ventilated unit of the same size. Over twenty years of ownership, that differential amounts to RM72,000–120,000 — a sum that may exceed one-third of the original purchase price of an affordable unit.

The quality of construction materials and workmanship directly determines occupation cost after the defect liability period expires. Poor quality floor tiles that crack within three years, bathroom waterproofing that fails within five, external paintwork that deteriorates prematurely — each imposes repair costs on an owner who, by definition, has limited financial reserves. A developer who specifies cheaper materials saves perhaps RM3–5 per square foot at construction stage. The purchaser then spends RM15,000–25,000 on remedial works within the first five years post-handover. The housing was not affordable — it merely appeared so at the point of sale.

For stratified developments, the management fee and sinking fund contribution represent a permanent, non-discretionary monthly outgoing. When these are set too low at the outset — sometimes deliberately, to make the monthly cost appear attractive in the sales brochure — the shortfall accumulates over time, resulting in either deteriorating common facilities or unexpected special levies. Neither outcome is affordable.

Dimension 3: Resilience Cost

This is the risk-adjusted cost of ownership — the financial exposure the owner bears from hazards that may affect the premises over its lifetime. In Sabah, the principal resilience considerations are flood exposure, seismic risk, and water supply reliability.

Flooding is perhaps the most significant resilience issue for Sabah housing. A single moderate flood event can cost a household RM10,000–30,000 in damage to flooring, furniture, electrical systems, and subsequent mould remediation. Critically, flood risk in Sabah is increasingly development-induced: areas that did not historically flood are now flooding because upstream land clearing, plantation development, or new housing construction has altered catchment hydrology and overwhelmed existing drainage infrastructure. The purchaser who bought in good faith discovers that the risk landscape has changed around them.

Water supply reliability is a resilience issue specific to Sabah that has no equivalent in Peninsular Malaysia. Jabatan Air Negeri Sabah requires a minimum three-day storage capacity for residential developments. However, supply interruptions regularly exceed three days, exhausting the statutory minimum and leaving residents without water. Without water, a home is uninhabitable. The cost of purchasing water from private tanker suppliers during extended outages — perhaps RM150–300 per tanker load — is a direct and unforeseeable occupation cost.

Seismic resilience is addressed through mandatory Eurocode 8 compliance, which provides a regulatory floor for structural safety. However, a premises located further from the high-seismic zones carries inherently lower residual risk. Compliance is the minimum standard, not the ceiling of good practice.

Dimension 4: Accessibility and Convenience Cost

This is the time and money cost of daily living imposed by the premises' location and design. If a premises is priced at RM180,000 but the owner must drive forty-five minutes each way to work, spend RM800 per month on fuel, and has no access to schools, clinics, or markets within reasonable proximity, the true cost of occupation is substantially higher than a RM250,000 premises in a well-connected, mixed-use neighbourhood.

In Sabah's car-dependent environment, adequate parking provision is a fundamental accessibility requirement. When a development provides insufficient parking, the overflow spills onto internal and surrounding roads. Residents cannot park near their own homes, emergency access is compromised, and the neighbourhood acquires a visual disorder that depresses property values. This is an irremediable design failure: once built, additional parking cannot be economically retrofitted.

Dimension 5: Long-Term Value and Exit Cost

This is whether the premises holds or appreciates in value over time, or whether it becomes a depreciating liability. For most Sabah households, the home is the single largest financial asset. Its long-term value trajectory determines the household's net worth, their ability to upgrade, and their financial security in retirement.

Poor build quality, inadequate maintenance, declining neighbourhood conditions, and insufficient infrastructure all erode resale value — trapping owners in premises they cannot exit without significant financial loss. The recent reform of Sabah's Bumiputera lot policy — abolishing the resale restriction on Bumiputera-purchased lots — is a significant improvement in this dimension, giving Bumiputera purchasers for the first time a fully liquid, freely tradeable asset.

1.3 Affordability Across All Segments and Life Stages

Affordability is not a product category reserved for the B40. It is a principle that applies across all income segments and all life stages. A household earning RM15,000 per month faces an affordability challenge if strata maintenance fees, commute costs, and energy bills consume a disproportionate share of income. A household earning RM3,500 per month faces a different challenge if the premises is poorly built, floods periodically, and depreciates in value. Both represent failures of affordability — at different price points but with the same structural causes.

Different life stages create different needs. Young first-time buyers need accessible entry points and premises that retain resale value. Young families need school proximity and child-safe environments. Established families need sustainable occupation costs and value retention. Retirees need accessible living and proximity to healthcare. Multi-generational households — particularly relevant in Sabah's cultural context — need flexible configurations. A developer who addresses lifecycle affordability across these segments creates a differentiated market position and a more sustainable business.

1.4 What Owners Discover After Moving In

Purchasers make acquisition decisions based on visible features — floor area, bedrooms, finishes, the showroom experience. The factors that actually determine satisfaction are largely invisible at the point of purchase: acoustic privacy between units, adequate storage, covered drying and laundry space in Sabah's humid climate, natural ventilation, reliable broadband, internal adaptability as family needs change, and adequate parking for the household's actual vehicle ownership. Each unmet latent need degrades the owner's daily experience and increases the true cost of living in the premises.

Part 2

The Regulatory Reality: The Framework Within Which Housing Must Be Delivered

This Part sets out the existing legal, regulatory, and policy framework governing housing development in Sabah. It is presented as factual context, not as advocacy for change. Any strategy for delivering affordable housing must work within this framework.

2.1 The Sabah Housing Development Enactment

Housing development in Sabah is governed by the Housing Development (Control and Licensing) Enactment 1978 (Sabah No. 24 of 1978), as amended most recently by Enactment 8/2023, which came into force on 17 July 2025. This is a Sabah state enactment, distinct from the federal Housing Development (Control and Licensing) Act 1966 which applies in Peninsular Malaysia.

The Enactment requires any person developing more than four units of housing accommodation to be licensed by the Controller of Housing. A deposit equivalent to five per cent of the estimated cost of development must be lodged. All purchase monies must be paid into a dedicated Housing Development Account for each development or phase.

The 2023 amendments introduced significant provisions including: a statutory right for purchasers to terminate the SPA in the event of an abandoned development; the Controller's power to report professional consultants to their respective professional bodies where their conduct has prejudiced purchasers; criminal liability for professionals who knowingly issue false progress certifications or unsupported cost estimates; a liberalised assignment regime; and the power to declare a developer "incompetent".

2.2 The Bumiputera Lot Policy

The Sabah state Bumiputera lot policy was substantially reformed by Pekeliling KKTP Bil. 1/2024, effective 1 December 2024. Private housing developers must allocate thirty per cent of units for Bumiputera purchasers, who now have the right to choose any lot. The mandatory five per cent discount is retained, with any non-Bumiputera discount or rebat added on top. The previous resale restriction on Bumiputera purchasers has been abolished entirely. Developers may apply to release unsold Bumiputera quota only after specified conditions are met, including that all non-Bumiputera lots are sold and the project has reached fifty per cent completion (landed) or twenty per cent (high-rise).

2.3 Land and Planning

Land administration is governed by the Sabah Land Ordinance (Cap. 68). The distinction between Native Title (NT) and Country Lease (CL) land is fundamental: NT land carries restrictions on dealings and is typically unacceptable to financial institutions as bridging finance security. The conversion process, administered by the Land and Survey Department (JTU), can take months to years.

Planning approval under the Town and Country Planning Ordinance (Cap. 141) involves multiple agencies. Where an Environmental Impact Assessment is required, the EIA approval process is intertwined with the Development Plan approval, creating sequential interdependencies that extend the pre-construction timeline substantially.

2.4 Building Control and Compliance

Building design is governed by the Uniform Building By-Laws, with Sabah now aligning with the UBBL 2020 framework and transitioning towards the Certificate of Completion and Compliance (CCC) model. Eurocode 8 (seismic design) compliance is mandatory, adding an estimated five to fifteen per cent to structural construction costs — a cost unique to Sabah and Sarawak within the Malaysian context.

2.5 Key Cost and Compliance Pressures

The Sabah developer faces several cost pressures that are either unique to or more acute than in Peninsular Malaysia. The Sabah Electricity capital contribution is a material cost item with no published transparent calculation formula, making feasibility budgeting difficult. Construction costs are higher due to materials logistics, labour constraints, and seismic compliance. The Sales and Services Tax applies to building materials despite residential exemption, indirectly inflating costs. No state-level developer incentives currently exist specifically for affordable housing.

Part 3

The Proposition: Delivering Lifecycle-Affordable Housing in Sabah

This Part bridges the consumer's needs with the regulatory reality. The central proposition is this: **a developer who designs for lifecycle affordability creates a product that is more marketable, more resilient to market downturns, and more profitable in the medium term. This is not altruism. It is enlightened self-interest.**

3.1 Disciplined Land Selection

Consumer benefit: The purchaser acquires a premises in a location that is resilient, accessible, and retains value.

The most consequential decision is the choice of land. A disciplined selection process should evaluate each site against: flood history and upstream catchment trajectory; seismic zone proximity; land tenure (CL preferred over NT); EIA threshold awareness; proximity to employment, schools, healthcare, and markets; existing or planned infrastructure; and topography. The developer who rejects a cheap but flood-prone site avoids transferring deficiencies to the purchaser and avoids the reputational costs of a failed development.

3.2 Design for Lifecycle Performance

Consumer benefit: The purchaser lives in a premises that costs less to occupy and requires less maintenance.

Design efficiency within conventional construction is the primary lever for lifecycle affordability in Sabah's current market.

Passive Climate Design

Orienting the long axis north-south, positioning living spaces away from the afternoon sun, designing for cross-ventilation, and providing adequate roof overhang — these measures cost almost nothing at design stage but can reduce monthly electricity bills by RM150–250 compared with a poorly oriented unit.

Plan Efficiency

Maximising the net-to-gross floor area ratio increases the proportion of built area that the purchaser actually lives in. The difference between seventy-five and eighty-five per cent efficiency on a 900-square-foot unit is ninety square feet of additional living space at zero additional cost.

Lifecycle Specification

Specifying slightly higher quality finishes and waterproofing — perhaps three to five per cent more in construction cost — dramatically reduces the owner's maintenance burden over the first ten years. This is the direct antidote to the most common consumer complaint: poor quality persisting beyond the defect liability period.

Structural Optimisation for Eurocode 8

Working with an experienced seismic design engineer to optimise the structural frame for compliance without over-engineering. The cost difference between a minimum-compliant, efficiently designed structure and a conservatively over-designed one can be substantial.

Adequate Parking

Providing parking ratios that reflect actual vehicle ownership patterns in Sabah. The incremental cost of additional bays must be weighed against the permanent, irremediable deficiency that results from under-provision.

Disciplined Common Facilities

Providing facilities that residents will actually use within a sustainable fee structure, rather than aspirational amenities that inflate both construction cost and ongoing maintenance charges.

3.3 Designing for Sabah's Specific Resilience Challenges

Consumer benefit: The purchaser lives in a premises designed to withstand Sabah's specific environmental hazards.

Water Supply Resilience

Designing for five to seven days' water storage rather than the statutory three-day minimum. Integrating rainwater harvesting for non-potable uses. Specifying water-efficient fixtures as standard. Considering gravity-fed distribution where topography permits. The incremental cost is modest; the resilience benefit is substantial.

Flood Resilience

Setting minimum finished floor levels significantly above surrounding drainage — an additional 300–600mm beyond the regulatory minimum. Designing on-site stormwater detention and attenuation. Using permeable surfaces where conditions permit. Ensuring drainage systems are accessible for maintenance. These measures protect both the development's residents and downstream communities.

3.4 Proactive Regulatory Navigation

Consumer benefit: The development is delivered sooner and at lower cost because holding-cost-driven price inflation is minimised.

Investing in getting submissions right the first time — complete, technically accurate, fully coordinated across agencies — compresses the approval timeline by avoiding revision loops. Early engagement with Sabah Electricity to obtain indicative capital contribution figures at feasibility stage enables accurate budgeting before land commitment.

3.5 Intelligent Phasing and Financial Structuring

Consumer benefit: Reduced risk of abandonment; each phase is a complete, liveable community.

The Enactment permits phase-by-phase licensing and Housing Development Accounts. A developer who designs in smaller, faster-turning phases improves cash-flow management, reduces bridging finance exposure, and delivers completed phases sooner. For the purchaser, this means earlier occupation, earlier community formation, and reduced abandonment risk.

3.6 Sustainable Strata Management Design

Consumer benefit: Sustainable management fees and properly maintained common property over the building's lifecycle.

For stratified developments, the developer should commission an independent quantity surveyor to prepare a lifecycle cost plan, establishing the actuarially adequate sinking fund contribution from the outset. Setting artificially low fees to enhance sales appeal is a short-term tactic that directly harms the purchaser. Comprehensive handover documentation — maintenance manuals, as-built drawings, warranty certificates, service contracts — enables competent management from day one.

3.7 Embracing the Reformed Bumiputera Policy

Consumer benefit: Bumiputera purchasers acquire a fully liquid asset with the right to choose any unit.

The reformed policy under Pekeliling KKTP Bil. 1/2024 represents a significant improvement in asset quality for Bumiputera purchasers. A developer who communicates this clearly — free lot choice, guaranteed discount, abolished resale restriction — can accelerate take-up, achieve the quota organically, and reduce holding cost on unsold units.

Part 4

A Call to Action

4.1 To the Sabah Consumer

You have the right to ask questions before committing to the largest financial decision of your life. Ask about the development's flood history and upstream catchment. Ask how many days' water storage is provided. Ask about the parking ratio. Ask what the finished floor level is above the surrounding drainage. Ask whether the building is oriented for natural ventilation. Ask for the sinking fund adequacy calculation prepared by an independent quantity surveyor. Ask about the developer's defect rectification track record.

The answers to these questions will tell you more about the true affordability of the premises than the selling price ever will.

4.2 To the Developer

Designing for lifecycle affordability is not a cost burden — it is a competitive advantage. The market increasingly punishes developers who optimise for the moment of sale at the expense of the purchaser's long-term experience. Tribunal claims, reputational damage, slow sales from negative word-of-mouth, and declining brand value are the costs of short-term thinking. The developer who builds lifecycle-affordable premises invests marginally more per unit but builds a sustainable business and a reputation that commands market positioning.

4.3 To the Professional Consultants

Architects, engineers, and quantity surveyors bear an enhanced responsibility under the 2023 amendments to the Housing Development Enactment. Criminal liability for false progress certification, and the Controller's power to report professional conduct that prejudices purchasers, raise the stakes for every professional involved. This framework demands a standard of design and advisory service that places the purchaser's lifecycle interests at the centre of professional practice.

4.4 The Proposition Restated

Affordable housing in Sabah should not mean cheap housing. It should mean housing that is genuinely affordable to own, to occupy, and to live in — across all income segments, across all life stages, and across the entire period of ownership.

This paper has demonstrated that such housing can be delivered within Sabah's existing regulatory framework, using conventional construction methods, by developers who apply disciplined land

selection, lifecycle-conscious design, proactive regulatory navigation, and intelligent financial structuring.

The choice is not between affordability and quality. The choice is between housing that appears affordable on the day of purchase and housing that is affordable on every day thereafter.

Disclaimer and AI Disclosure

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All factual assertions regarding Sabah legislation, policy, and market conditions have been verified against primary sources including the Housing Development (Control and Licensing) Enactment 1978 (Sabah No. 24 of 1978, as amended through Enactment 8/2023, reference copy dated August 2025) and Pekeliling Kementerian Kerajaan Tempatan dan Perumahan Bil. 1/2024 dated 29 November 2024.

This paper is a discussion document published for the purpose of contributing to informed discourse on housing affordability in Sabah. It does not constitute legal, financial, or professional advice. Readers should seek independent professional advice before making decisions based on the content of this publication.

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