INTRODUCTION

1.0 INTRODUCTION

A public private partnership (PPP) is a service that provided by government or private sector, which is support and control through a collaboration of public and one or more private sector companies. Public private partnership also known as contractual arrangement between a government agency and private sector that make objective give benefit to public. The purposes of public private partnership are to undertake the responsibilities of the public and to completing a project that will serve the public. Public private partnership has their own key features, which involve participant from public and private sector, relationships, long-term contract and risk allocation. This types of contract have their own benefits that are can improve the quality and quantity of basic project.

In Malaysia, Public Private Partnership (PPP) Programmed has been announced in Malaysia in the Ninth Malaysian Plan (RMK-9) as an initiative to enhance private sector involvement in economic development, (Public Private Partnership Guideline,
Public Private Partnership also describes a range of possible relationships among public and private entities in context of infrastructure or other services. Public private partnerships are well known for infrastructure project.

Besides that, PPP also have been applying in pipelines, hospitals, railways, and buildings. For example of the PPP project in Malaysia are PLUS Expressways, Stormwater Management and Road Tunnel (SMART), Privatisation of Penang Port and KLIA Express and KLIA Transit. Malaysia also developed the PPP project on building and teaching facilities, which are still under construction for example Perdana University and International Islamic University Malaysia (IIUM) teaching hospitals. However, there are also housing projects that apply the public private partnerships.

Based on Public private partnerships unit, there are two conditions for PPP, which are must make government projects more efficient with risks and rewards optimally shared between the two parties and to be used where public fund enhances growth of private sector projects in strategic or publicize areas. Furthermore, in Malaysia, the implementation of PPP in housing project are still new and need to develop more to achieve the successful project.

The implementation of PPP in housing project not only can help to make the collaboration between government and private sector, but it also can help to increase the homeownership rate in the country, especially for the low-income people housing and schemes are expanded and accomplished (Arku, G, 2006). The housing PPP project is basically focused on the affordable housing that are provided for the low-income earner, which are the current growing problem in Malaysia and in most of the countries in Asia. This problem are not because of the housing too expensive, but this relates to the too low income that makes the buyer do not afford.

The housing PPP projects that is suitable for the affordable housing are like the concept of ‘My First House Scheme’, ‘1Malaysia People’s Housing Scheme (PR1MA, 2012) and the ‘Affordable Land Housing in Asia’ (UN Habitat, 2011). Those concept are based on the housing PPP project, which the aims re to provide more affordable residential properties in major cities such as Kuala Lumpur. For example, 1Malaysia
People’s Housing Scheme, which are implement the public private partnership strategy, through this initiative, the public and private sector will join forces in accomplishing the objectives of providing fair, quality and comfortable residential properties for Malaysians.

However, the private sectors has performed quite well in providing the low cost of housing units, which were building 68% of the total of 190,597 low-cost housing units (Malaysia, 2001). This is because there are the challenges of construct the housing PPP project that this study will be discuss further. Besides that, the success and the failure factors will effects the dweller requirement. This study literally will be discussed on the challenges that happened in the implementation of housing PPP project. The implementation of housing PPP wills than effects the demands of the housing thus can increase the Malaysia economy.

The implementations seem look like to give more advantage to the country and also to the citizens that have a lower income. If the housing project are implement the public private partnerships, this initiative can increase the development and increase the providing of affordable residential properties. Furthermore, this initiative can provide understanding and guide for other country that mostly has the problem with the implementation of public private partnerships in housing.

The initiatives of public private partnerships may be advantages for the country. But there still have the challenges if the private and public sector did not implement the public private partnerships. If the public private partnerships did not be implement in the housing project, the low-income earner did not be able to obtain to buy the reasonable house. Hence, the low-income buyers may be difficult to obtain loans to cover full cost of purchase.

In Kolkata, India, the PPP are more likely improvements made in conditions of residential quality as the joint approach give the efficiency in production expertise of the private sector with the accountability of the public sector. Even in the developer country like United Kingdom have apply this kind of partnerships in order to increase the demand of house purchasing. Therefore, if this initiative did not apply in the housing project will give more difficulty.