The Emerging Patterns of Guarded Neighbourhood*

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Abstract

This study examines the emerging patterns of guarded neighbourhood from the existing conventional neighbourhood. Without clear property rights, ownership pattern of neighbourhood resources in the conventional neighbourhood theoretically will shift over time with the changes in resources values and institutions. Urbanisation supposedly forces common resources to become more valuable and subject to be contested. These lead institutions to re-allocate property rights over the resource in a more efficient way. To illustrate the situation, this study takes the advantage of the institutional evolutions in Malaysian housing. During 1990’s, though legally not permissible, some existing conventional neighbourhood in Petaling Jaya who live next to each other choose to guarded their neighbourhood by fences or restricting public access. Although in 2007, Malaysian government amended the law and introduced new guidelines that allowed the emergence of guarded neighbourhood, but yet many neighbourhoods did not change. This situation begs the fundamental question; if guarded neighbourhoods are economically efficient and successful, why only some neighbourhood choose to enclose while others did not change? Therefore, this study will generate interactive geographical distributions to examine the underline factors leading the community’s choices either to stay as conventional neighbourhood or change to guarded neighbourhood. The related factors to be consider under this studies includes housing characteristics, demographic distribution, existing infrastructures and gated development; crime rate distribution and the existed resident association. By examines the emerging patterns of guarded neighbourhood from the existing conventional neighbourhood over time and across different underline factors, this study predicts that the interactive geographical distributions can generated a significant pattern of the factors that encouraging neighborhoods to change to guarded and also the significant factors hindering the existing neighborhoods to change to guarded. The result from this study may contribute the empirical answer on the factors which encouraging or hindering re-allocation of property rights in existing conventional neighbourhood.

Keywords: Institutional change, property rights, ownership pattern, guarded neighbourhood

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1. INTRODUCTION

Neighbourhood are a kind of urban order which defined by the institutions that attempt to allocate rights over shared resources. The unclear assignment of property rights over conventional neighbourhood for landed housing development always give rise to most of the problems that urban governments seek to address (Webster, 2003). The main argument is that without clear property rights, ownership pattern of neighbourhood resources in the conventional neighbourhood theoretically will shift over time with the changes in resources values and institutions. Although, previous scholar interpret that planning inevitably conflicts with freedom of contract and the view that its function is a means of correcting market failures, this studies follows the group which believes urban order evolves as individuals co-operate in cities for mutual gain. The related factors influences the ownership pattern of existing conventional neighbourhood is urbanisation, population growth, increasing prosperity, housing characteristic, demographic, crime level and housing characteristics, high transaction cost and much more.

Institutions changes in private housing governance show that it is better to enclose to secure the property rights and solve the commons problems (Webster, 2005; Lai and Yu, 1995). Besides that, it also emerges due to the human nature defenses from any internal and external threat. Inspired by these ideas, developers build gated communities to meet the demand of various niche markets (Webster, 2002); while older neighbourhood in some cities closing off streets to enhance local security and reduce traffic (Blakely and Snyder, 1997; Newman, 1995). Thus, over the past two decades, fortified and enclave developments have become an increasingly common feature of contemporary suburban building patterns (Blakely, 1999; Blakely and Snyder, 1997).

To indentify the factors that influence community’s decisions, this study only select landed housing development as a sample study in which they are located in the same local authority territory; under the same development rules and policies. As formal property rights are endogenous, selection one territory to see the overall pattern is sufficient. Since 1950’s, most housing neighbourhood build in Malaysia was a conventional type. This means that communities have to share the ownership of neighbourhood common resources. As the time pass trough quickly, gated and guarded neighbourhood have become increasingly popular in Malaysia in the past two decades because communities feel that they can no longer trust civil society or the government to protect their economic and physical security. Though legally not permissible, by marking their boundaries and restricting access, residents trying to build and strengthen their
ownership rights over common resources. To rectify the situation, amendments of law and new guidelines were introduced in 2007. Under the new law, property rights and forms of security for guarded neighbourhood are rather different when compared with conventional neighbourhood. The increasing number of guarded neighbourhood which change from existing conventional neighbourhood challenge the spatial, organisational, and institutional order that has shaped modern cities” (Webster, 2002; Grant et al, 2004).

By taking the advantage of the institutional evolutions in Malaysian housing, this study will generate interactive geographical distributions to examine the underline factors leading the emerging patterns of existing conventional and guarded neighbourhoods. The related factors to be consider under this studies includes housing characteristics, demographic distribution, existing infrastructures and gated development; crime rate distribution and the existed resident association. The result from this study may contribute the empirical answer on the factors which encouraging or hindering re-allocation of property rights in existing conventional neighbourhood.

The rest of paper is organized as follows. In the next section, describe the economic model of the neighbourhood, neighbourhood change, research model and predictions. Section III discuss the empirical experiment, and section IV describes the preliminary finding and expected results. Section V concludes this paper.

2. ECONOMIC MODEL OF THE NEIGHBOURHOOD

This study interested on neighbourhood institutional studies and institutional change which are developed based on economic theory of property rights, transaction costs and related ideas from the new institutional economics. This idea is important for understanding the cities that allocated in the face of competition over shared goods. The most commonly accepted definition, institutions are the “rules of the game” in a society, together with their enforcement arrangements (North, 1990). Institutions include both formal rules such as laws and constitutions, and informal rules such as conventions and norms, and are “humanly-devised”, in the sense that they are product of social interactions among people.

Different right over public goods and neighbourhood instability encourage institutional arrangement to change. How institutional may change is depends on how it is defined and which way to choose to evaluate the process of change. With the contras from traditional institutionalism,
new institutional economics (NIE) derives human-made institutions from individual tastes (or preferences) and technical or natural factors, such as transaction costs. NIE focuses on how such institutions emerge, operate, and evolve, how they shape the different arrangements that support production and exchange, as well as how these arrangements act in turn to change the rules of the game. In conjunction to these approaches, it incorporates a theory of institutions such as laws, rules, customs and norms into economics (Lowndes, 2009). Some scholars also used NIE to understanding how institutions affect economic performance and why different institutional arrangements emerge in different social, cultural and economic settings is now widely accepted answering new questions, why economic institutions emerged the way they did and not otherwise. Therefore, NIE theory has highly significant to this study because it can examine the institutions changes.

2.1. Existing model

Since the institutional economics schools goes beyond the usual economic focus in markets, various scholar started to look more closely at human-made institutions. Economic models of the neighbourhood have been documented by several studies including self-interest explanation of group formation (Olson, 1971), geographical theory of market area (Christaller, 1966; Losch, 1939, 1954), urban bid-rent theory (Alonso, 1964), hedonic price theory (Rosen, 1974), local public good theory (Tiebout, 1956), club theory (Buchanan, 1965) and subsidiarity rule (Webster and Lai, 2003). Deep within this model still too early to make a conclusion over institutional assumption since most rules are nested in another set of rules that define how the first of rules can be changed (Ostrom, 1999).

2.2. The Nature of Neighbourhood

In conjunction to the article The Nature of the Firm (Coase, 1973) which explained the existence and size of firms in terms of transection costs, The Nature of the Neighborhood (Webster, 2003) is developed based on transaction costs, property rights and related ideas from the new institutional economics. A neighbourhood is defined as a nexus of contracts that assign rights over private and shared resources and over their various attributes. The organizations that govern those contracts and the contracts themselves evolve over time in response to changes in the costs of exchanging and combining property rights. An efficient neighbourhood was which all those
who have an influence on the total value of a neighbourhood have a residual claim on the benefits created by the resources that they influence.

The fragility of property rights in the conventional neighbourhood contribute to the neighbourhood instability over time and this may possibly consider as a crucial obstacle for economic development. The nature of neighbourhood normally comprises the shared attributes of a location (set of local public goods), together with the formal and informal contracts (agreements or institutions) that govern the production and consumption of those attribute (Webster, 2003). Neighbourhood is a nexus of contracts that assign property rights over local public goods and private goods. The institutions that govern consumption and productions of tied-in shared resources are important for neighbourhood health and stability and it also subject to evolutionary change. Therefore, if the existing institutions are no longer efficient following change from the exogenous parameters, than new, more efficient institutional forms will gradually emerge (Kingston and Caballero, 2006).

The neighbourhood definition in this study comprises the shared attributes of a location (a set of local public goods) together with the formal and informal contracts (agreements or institutions) that emerge to govern the production and consumption of those attributes. Existing conventional neighbourhood will stand as public realm which is a spatial domain within de facto and de jure economic or legal consumption rights over local public goods attribute are shared by all individuals within a city. By implication, there exists a group of consumers-noncitizens-to whom property rights over the public good attribute are denied. While guarded community scheme possess a club-like as a spatial domain within de facto and de jure economic or legal consumption rights over local public goods attribute are shared within a group. By implication, there exists at least one other group of consumers to whom property rights over the public good attribute are denied. Property rights are allocated between, but not within, groups.

2.3. Neighborhood change

Consequently, the example of institutional change to secure property rights can be seen in the history of private governance. As Coase (1937) proposed that firms emerge in order to reduce the cost of negotiation and enforcing contract between individual agents in the production process, gated community is a direct analogy to the production of shared urban spaces. Gated community is the organizations that emerge to evolve in the face of rising neighbourhood transaction costs. In
the last decade, the planning literature has reflected growing interest in the topic of gated communities. Although it was not relatively new, this area still generated limited theoretical development and connections to institutions change studies. The issue are no longer simple, various problems occurs and nested inside each other within different organisations and different institutions. These bring the conventional neighbourhood in a new light. Previous studies always combine private neighbourhood and closing off streets as a similar things. However, this study will only examine the existing conventional neighbourhood which is divided into two types (1) unchanging existing conventional neighbourhood; and (2) guarded neighbourhood (emerge from existing conventional neighbourhood).

These changes will touch upon a number of important concept and problems of institutional studies such as hierarchies of rules, history of land policy and the problems of common. When different interest groups press for higher standards, private neighbourhood arguably offers more secure and sustainable method of delivering a set of “standard of living” rights Webster (2005). Various researcher over the years have concluded that resident-controlled housing is both more efficient (Turner, 1990) and more effective (Ward, 2004), but it cannot achieve the lasting empowerment of the participant, it needs a good institutional arrangement to secure permanent shift in the balance of power (Somerville, 1998). The dilemma wasn’t solved if government oppose the existing conventional neighbourhood to turn to guarded community, because existing communities then might illegally restrict public access and fence-up their neighbourhood, brings another problem to the city.

2.4. The model and the predictions

This study begs the fundamental question; if guarded neighbourhoods are economically efficient and successful, why only some neighbourhood quickly enclosed while others did not change? By taking the advantage of the institutional evolutions in Malaysian housing, this study will generate interactive geographical distributions to examine the underline factors leading the emerging patterns of existing conventional and guarded neighbourhoods. The related factors to be consider under this studies includes housing characteristics, demographic distribution, existing infrastructures and gated development; crime rate distribution and the existed resident association.

By examines the emerging patterns of guarded neighbourhood from the existing conventional neighbourhood over time and across different underline factors, this study predicts that the
interactive geographical distributions can generated a significant pattern of the factors that encouraging neighborhoods to change to guarded and also the significant factors hindering the existing neighborhoods to change to guarded.

3. AN EMPIRICAL EXPERIMENT

It was a major methodological challenge to conduct an empirical experiment. However, this study already find a unique historical events to answer the fundamental questions on why only some neighbourhood turn to guarded communities. The related dilemma begins around 20 years ago, concern over rising crime rate and the movement in trend for luxury living influence housing, housing developer introduce gated community schemes which promote prestige, lifestyle and security living. Then, suburb community who lived in the existing conventional neighbourhoods shared the same interest by restricting access and illegally transform neighbourhood to guarded neighbourhood. Due to deficient legislation, in 2007, Malaysian government takes action by amends law and introduced new guidelines that allowed the emergence of guarded neighbourhood. These centralize changes on related laws then provide guidelines for guarded community with certain restrictions, while the conventional neighbourhood remain the same. As a result, emerge two types of housing neighbourhood in Malaysian cities which is conventional neighbourhood and guarded neighbourhood. Different decisions by the communities since 1990’s generate different allocations and assignments of property rights, which significantly affected their property value. This phenomena perhaps can contribute better understand the economic system at work.

Conventional neighbourhoods define under this study is a traditional type of open neighbourhoods with property right already allocated for the building and land parcel while others neighbourhood attributes and resources have to share among neighbourhood communities. This neighbourhood also known as open neighbourhood or public domain neighbourhood with the shared common resources and neighbourhood attributes. While guarded neighbourhood in this study is an existing open neighbourhood which already change to semi-private or private neighbourhood with or without security services, a guard house and physical barriers.

To conduct this empirical experiment, this study selects Petaling Jaya City Council territory in Selangor for overall survey. As the oldest city in Selangor, Petaling Jaya (PJ) and originally develops as a satellite township for Kuala Lumpur, PJ now days become a busy commercial and
residential hub in its own rights with over 450,000 inhabitants, comprising mostly residential and some industrial areas. When PJ was granted city status in 2006, it has been commonly known as the most developed non-capital city in Malaysia. With an area of approximately 97.2 km², PJ is divided into several sections known as PJU, PJS, Seksyen and SS. This territory serves as an example mainly for two reasons: (1) Selangor is the first state that has revised the guidelines for Gated and Guarded Community Schemes to incorporate relevant planning requirements for such development. In history, only the Property and Housing Board of Selangor have produced a guideline specific for ‘unlawful development’ of gated and guarded community schemes. (2) Petaling Jaya is a suburban city of Kuala Lumpur and become the fastest development cities in Malaysia.

3.1. Data collection

This study have a sufficient data from 1990-2009 on state and central housing reports, Malaysia census data, property market report, property transsections history, parcel map, crime map and newspaper report on legal dispute. The existing data shown that Petaling Jaya City Council territory consist 66 sections with 11 in PJU, 8 in PJS, 19 in SS and 25 in Section. Some sections themselves are subdivided into smaller neighbourhood. This study identify 130 neighbourhood (landed property) inside Petaling Jaya territory with 45 in PJU, 20 in PJS, 34 in SS and 37 in Section. This area also has lot of high-rise development with approximately 49 condominiums and flats which not under the aim of this research.

3.4 Identification Strategy

To identify the factors encouraging or hindering re-allocation of property rights of the common resources in existing conventional neighbourhood, this study will be separated into several stages. The first stage begins by generating geographic distribution of conventional housing and guarded housing over time in 5 year basis begins in 1990, 2000 and 2009. Then the next stage follows by generating five different layers of housing characteristics, demographic distribution, existing infrastructures and gated development; crime rate distribution and the existed resident association factors with the same maps. These different layers also will be mapping up in 5 year basis begins in 1990, 2000 and 2009. At the final stage, this study then examines the interactive geographical distributions over time and across different underline factors to identify the emerging pattern of guarded neighbourhood.
4. PRELIMINARY FINDINGS

There are only several preliminary findings to support this paper due to limited time consume and multi-level data searching. By preliminary observation over existing conventional neighbourhood around Petaling Jaya, only 51 sections from 66 sections have landed housing neighbourhood. In 2009, 12 sections (23%) from 51 sections already change from existing conventional neighbourhood to guarded neighbourhood. These changes including a number of neighbourhoods inside the sections and some section totally enclose. As this study already have a crime rate map based on 2007 statistics from the local authorities reports, Figure 1 below show how this layer have connection with guarded distributions layer in 2009. At the end of this study, it should be about 15 layers represent different factors and 3 layers represent guarded distributions generated from the analysis stages. Therefore, by examines the interactive geographical distributions over time and across different underline factors, this study supposedly can contribute the empirical answer on the factors which encouraging or hindering re-allocation of property rights in existing conventional neighbourhood.

Figure 1 PJ Guarded Neighbourhood Distributions, 2009 and Total Crime Hot Spot Analysis, 2007

Source: By the authors and Petaling Jaya City Council, GIS Crime Mapping
5. CONCLUSIONS

Back to the main argument on the unclear assignment of property rights over neighbourhood common resources; if guarded neighbourhoods are economically efficient and successful, why only some neighbourhood choose to enclose while others did not change? This study can contribute better understand the economic system at work. It may contribute to understand the economic effect after centralized action took place over spontaneous actions made by community and developer towards property rights. It also can illustrate the responses made by government, housing developer and community before and after the new law enforce and how those responses will affect their economic background. The result from this study may contribute the empirical answer on the factors which encouraging or hindering re-allocation of property rights in existing conventional neighbourhood. Consequently, the emerging of two different allocations of property rights should have significant economic implications over time. Detail discussion can possibly supported by in-depth case study on selected neighbourhood to show why they choose to change and what the implication to their community behaviour and economic background.

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