

**POVERTY ALLEVIATION : THE ROLE OF COMMERCIAL HOUSING WAQF (CHW) IN  
ACHIEVING SUSTAINABLE DEVELOPMENT GOALS (SDGs) IN MALAYSIA**

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<b>Abstract</b>	<p><i>Waqf is a property system reform that allows Muslims to continue contributing to the community's development, empowerment, and economic stability. When the distribution of waqf assets occurs because of the investment, would encompass many social and community development projects, such as education, health, economic empowerment, and the environment; waqf plays an important role. The growth of Commercial Housing Waqf (CHW) is the solution to the country's instability, particularly growing house prices year after year, homelessness, and houses that are unsuitable for families. Seetee Aisah Housing Park Project in Penang was one of the housing projects built on waqf land in Malaysia. These initiatives are in line with the 2030 Sustainable Development Goals (SDGs) for the advancement and well-being of people and also the environment. There are 17 goals, including different aspects of sustainable development such as eradicating poverty, improving health, and addressing climate change. But this article is only focusing on first goals of SGDs which is poverty alleviation. As a result, the purpose of this research is to examine how Commercial Housing Waqf (CHW) development might be used to achieve the first goal of sustainable development which is no poverty. This qualitative study uses semi-structured interviews to obtain primary data and secondary data from books, journal articles, papers, and other sources. The data was then subjected to inductive and deductive content analysis. As a result, it can be proven that Commercial Housing Waqf was one of the contributions in achieving the top one goals of the 17 designated Sustainable Development Goals (SDGs).</i></p> <p><b>Keywords:</b> <i>Commercial Housing Waqf; Malaysia; No Poverty; SDGs; Waqf Development</i></p>
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## INTRODUCTION

Waqf is a property system reform that allows Muslims to continue contributing to the community's development, empowerment, and economic stability. Waqf also plays an important part in the distribution of waqf assets as a result of investment in many social and community development programmes such as education, health, economic empowerment, and the environment. Malaysia is one of the emerging countries that is

experiencing financial difficulties; data reveal that Malaysia also has a bundle of waqf land that is rising every year, with approximately 14,356 waqf land lots totaling 30,888.89 hectares (JAWHAR, 2023). However, figures show that about 88% of Malaysia's 30,888.89 hectares of waqf land worth RM1,177,084,450.59 are idle and have yet to be developed (Omar, 2020).

In keeping with the changing circumstances and needs of today's society, the creation of residential dwellings on public waqf land is a dynamic, progressive, and fruitful kind of waqf investment. In addition to the market value of the house, which is improving at a much faster rate than household income growth (Suhaimi & Ab Rahman, 2019), the underprivileged Muslim community continues to be marginalised in asset ownership and equity in the country when compared to other races. This is because difficulties such as high living costs, rising urban poverty rates, and high property prices are factors in many Muslim communities that, in comparison to other races and religions, still do not own a home (Syahnaz, 2016).

As a result, it is appropriate for waqf to be able to provide inexpensive housing to the community while supporting the government's goal of ensuring that every person owns his or her own home. Housing or housing is a necessity for every individual or household today. Thus, purchasing and owning a home should take precedence over other assets and liabilities (Awang, 2004; Ibrahim, 2016). Although Islam categorises the need for humanity to own a home or habitation for refuge, it is required at the level of *daruriyyah* (Suhaimi & Rahman, 2019). According to Goulet (1971), one of the key components that humans require is the ability to access requirements such as food, shelter, health, and protection. According to Idris (2009), the inability of poor people to access needs such as good housing will have an impact on the country's economic progress. When housing building is largely concentrated on pricey types of houses above income affordability, Malaysia faces a housing dilemma where supply exceeds demand (Suhaimi & Ab Rahman, 2019).

Making goods and services that can be created for society is one of the initiatives to promote society's economic progress and well-being. As a result, rising economic growth in the country is one form of successful economic development for societal well-being (Lahuri et al., 2021). The addition of the number of industrial output, improvement of infrastructure, rise in the number of assets, and increase in manufactured products are indicators of the achievement of economic development and well-being (Lahuri et al., 2021). As a result, this paper explores and illustrates how commercial housing waqf (CHW) might play an important role in attaining and achieving the Sustainable Development Goals (SDGs), notably in Malaysia.

## **LITERATURE REVIEW**

### **The Overview of Waqf**

Waqf is one of the instruments of property management in Islam that is recommended to be strengthened and empowered in addition to zakat, hibah, will, and so on. It was developed in Islam to demonstrate the importance of systematic and organised property maintenance in meeting the economic and social demands of Muslims (Kamus Dewan Bahasa, 2017).

Waqf denotes standing or opposing sitting down and stopping (Ibn Manzur, 2010). While there are various definitions of waqf by jurists, the definition given reaches a consensus from the point of view of the main principle of waqf itself, which is the property of waqf is the property of Allah SWT, waqf is lost ownership of the property that has been pledged, and waqf can be used for the human race. Waqf is an unique instrument founded on three fundamental principles that must be followed and protected in order to ensure the long-term viability of waqf property in Islam, which cannot be sold, given, or bequeathed to others. On this basis, it distinguished waqf instruments from other Islamic instruments such as zakat, hibah, and so on. Property that has been proclaimed a waqf

asset is naturally bound by three major constraints that are debated among classical jurists, which are perpetual (perpetuity), irrevocable (irrevocability), and non-transferable (inalienability) (Syahnaz, 2016).

### **The Overview of Commercial Housing Waqf**

In today's context, this waqf instrument is seen as an important resource for developing the ummah's economy and society by optimising the waqf's results. The waqf land serves as a platform for Muslims' economic prosperity and the country's overall wellness. Waqf assets also function as a tool for Muslim social development. Furthermore, waqf assets are observed to provide high-quality income when developed on top of commercial buildings such as business premises, residential houses, hotels, and so on, which are not exclusively focused on education and health elements (Rashid, 2011; Cizakca, 2000).

The management and administration of waqf property is essential to the plan's success. The creation of the Department of Waqf, Zakat, and Hajj (JAWHAR) inside the Prime Minister's Department seeks to assist the State Islamic Religious Council in implementing more effective waqf property development (Zainur & Sumayyah, 2023). The commercial housing waqf (CHW) has been developed in Malaysia by the State Islamic Religious Council (SIRC); it could generate income for the SIRCs through lease or rent of the property to support the needs of society and economic growth of a country, as well as Muslim well-being.

The Penang State Islamic Religious Council (MAINPP) was pioneering in developing waqf properties through Waqf Seetee Aisah items. Development involves two assets that benefit waqf property investment and enabling the Muslim community to help Muslims own assets. MAINPP and UDA Land (North) Sdn Bhd adopted the joint venture technique (Joint-Venture) to create 76 units of 2-story houses and 27 units of shop houses (Nuruddin et al., 2019; Ismail et al., 2021). Furthermore, the Selangor Islamic Religious Council (MAIS), in collaboration with Urus Maju Ehsan (UME), has developed affordable residential homes on waqf land that has been substituted (Istibdal) due to the greater visibility (masalah) of the existing mosque in the area. The Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM) does the same thing by building houses on waqf land in the village of Banggol Peradong, Kuala Terengganu, with zakat funds to be utilised by asnaf. This study believes that all SIRC in Malaysia worked hard to improve the development of waqf through commercialisation projects, whether in the form of residential, business premises, hotels, and so on, if it can generate income and be used widely by beneficiaries and Muslim societies.

According to Tan Sri Mohd Yusof Latiff, President of the Penang Malay Association, the present waqf land has been inhabited for more than two to three generations (PEMENANG, 2016). With the quick pace of socioeconomic growth, Penang's position is shifting, and it continues to squeeze, particularly among the disadvantaged Malay Muslims. If the waqf property is not developed right away, this settlement will remain the same throughout time due to development, which causes losses to the race and religion itself. As the Malays fall behind Penang's increasingly important socioeconomic and geopolitical issues, the existing waqf land area offers an alternative for housing Penang's Malay community. In the Penang area, for example, 150 acres of waqf property might be developed. If the project is completed, it will be able to house 18,000 Malay residents in apartment buildings. Furthermore, it can give 3,600 company premises to help strengthen the socioeconomic and geopolitical elements of the Malays in Penang.

Thus, taking the spirit of waqf itself, which aims to benefit both Muslims and non-Muslims indirectly, the development of waqf land to develop affordable housing for the community is seen as a very progressive and productive solution and initiative in this problem, as well as increasing Muslims' asset holdings in the country. Furthermore, the creation of homes on waqf land aims to demonstrate that waqf instruments, as a kind of waqf property investment, are actually a stimulus for Muslims' economic and social progress.

### **Sustainable Development Goals (SDGs)**

Development is an endeavour to structure a society in order to advance and improve the quality of human life, both individually and in society. According to Todaro and Smith (2006), a country's development is a multifaceted process that encompasses significant changes in social structure, attitudes, and government institutions. Development must represent both material and spiritual advancements in the social structure. According to Ridwan (2018), the ultimate purpose of progress in Islam is to honour human dignity in this world and obtain bliss in the afterlife. As a result, one of the most important characteristics of development is the output of productive activities (Lahuri et al., 2021). Sustainable economic development based on Islamic principles is not only confined to economic variables, but also includes social, moral, material, and spiritual qualities (Lahuri et al., 2021). Furthermore, it is linked to raising people's living conditions (Muliadi, 2020).

The United Nations (UN) has begun the Sustainable Development Goals (SDGs), which have received consensus from 193 UN member countries, including Malaysia, and are committed to achieving them (Lahuri et al., 2021). The SDGs are global and national commitment an effort to improve the welfare of society also the environment which; consists of 17 goals, namely [1] No Poverty; [2] Zero Hunger; [3] Good Health and Well-Being; [4] Quality Education; [5] Gender Equality; [6] Clean Water and Sanitation; [7] Affordable and Clean Energy; [8] Decent Work and Economic Growth; [9] Industry, Innovation and Infrastructure; [10] Reduced Inequalities; [11] Sustainable Cities and Communities; [12] Responsible Consumption and Production; [13] Climate Action; [14] Life Below Water; [15] Life on Land; [16] Peace, Justice and Strong Institutions; and [17] Partnership for the Goals (Martin, 2018).

On the other hand, CHW offers rent-free or subsidised housing units for asnaf, low-income families, or other underprivileged groups. By doing so, it directly reduces financial strain and housing security among the urban poor. For instance, a waqf housing complex allocates 30% of its units at below-market rent, subsidized through income from adjoining commercial properties. According to Mahamood (2021), such waqf initiatives align with Islamic social finance principles by using productive assets to meet essential human needs, including shelter. Besides that, commercial waqf generates continuous income via commercial rentals (e.g., shop lots, offices), which are then reinvested to support the welfare of the poor—unlike one-time charity donations (Obaidullah & Shirazi, 2021).

Furthermore, unlike public or private housing projects that can be sold or transferred, waqf properties are preserved in perpetuity. This means the poor have continued access to secure housing regardless of economic shifts or gentrification. According to Ahmed (2022), this approach builds inter-generational housing security and mitigates structural causes of poverty. Hence, Commercial housing waqf operationalises the Islamic principle of socio-economic justice while directly contributing to SDG 1 by providing dignified housing, sustainable income generation, and asset-backed poverty reduction strategies.

## **METHODOLOGY**

### **Data Collection**

Because this study intended to analyse the role of waqf, specifically in developing commercial housing waqf (CHW) on waqf land in achieving the Sustainable Development Goals (SDGs), the qualitative method was chosen as the primary approach to data collection. Thus, Creswell (2009) employed in-depth or open-ended interviews to collect data from the selected participants. Participants are sampled based on developing knowledge until theoretical saturation is reached (Strauss & Corbin, 1998), which occurs when no new information is generated by the additional data (Locke, 2000).

Participants in this study were chosen based on their experience with Sharia and the property development sector. All of the responses were Malaysians with a documented track record of offering related services. They are also referred to as subject

matter experts in their respective businesses. As a result, Penang State Islamic Religious Council (MAINPP) was chosen as a case study and a good fit for this research because it was Malaysia's first MAINPP to develop waqf land with built commercial buildings, such as dwellings and business premises. Many difficulties have arisen in this state, including Muslim equity ownership and socioeconomic issues among Malay-Muslims. This is because the value of assets continued to rise, which was hampered by a lack of home or equity ownership. These problems were linked to a lack of law and order as well as declining social and moral standards.

Face-to-face in-depth interviews with a semi-structured interview were the primary data collection approach. The participants were contacted by phone, email, and personal visits to their offices, as well as the project Seetee Aisah, to inquire about their availability and consent to participate in this study.

### **Data Analysis**

The data was then analysed and manually transcribed to suit the study's objectives. The analysis process was conducted in multiple stages to ensure rigour and depth. Initially, individual interview sessions were audio-recorded and transcribed verbatim. These transcripts were then cleaned and organised into manageable segments according to emerging themes relevant to the research objectives. A thematic analysis approach, as recommended by Braun and Clarke (2021), was employed to identify, analyse, and report patterns (themes) within the qualitative data. This involved familiarisation with the data, generating initial codes, searching for themes, reviewing themes, and finally defining and naming them. The coding was conducted manually to allow closer interaction with the data and to ensure meaningful interpretation aligned with the study's conceptual framework.

To enhance trustworthiness, member checking was conducted where participants were asked to review the transcribed interviews and preliminary findings. This was done to validate the accuracy and authenticity of the responses (Birt et al., 2020). Triangulation of sources and perspectives was also used by comparing responses across different participants to ensure consistency and confirm emerging themes (Carter et al., 2021). Moreover, an audit trail was maintained, including memos, reflective notes, and coding schemes, to ensure transparency and dependability in the analytical process (Nowell et al., 2022). This multilayered approach ensured the credibility, transferability, and confirmability of the study.

### **RESULTS AND DISCUSSION**

The findings indicated that the function of waqf in addressing societal needs, such as housing, must be considered in accomplishing numerous SDG targets in general. This is demonstrable, whereas CHW plays an important part in SDGs through tackling numerous socioeconomic difficulties. In general, there are two key elements in waqf: a spiritual element and a material element (Lahuri et al., 2021). The first element is a kind of prayer that can bring the wakif closer to Allah SWT by transferring Allah SWT's assets for general or specific humanitarian causes. While the second aspect is defined as an endeavour to convert assets into a better benefit to the ummah, not just in terms of welfare but also in terms of increasing society's socioeconomic well-being (Lahuri et al., 2021; Salleh & Adham, 2014).

Poverty reduction through affordable housing, which offers low-income individuals and families with options, is the goal of how Commercial Housing Waqf (CHW) can be fitfully realised by the SDGs. As a result, the income created by the waqf homes is reinvested into the other housing project, ensuring that cheap housing remains accessible to people in need. CHW addresses one of the most fundamental issues confronting those living in poverty by providing affordable housing.

This was demonstrated in Penang by assigning affordable housing through lease or rent to ensure that the Muslim society is not sidelined in the economic momentum

dominated by non-Muslims. Aside from that, the value addition of the waqf assets demonstrates MAINPP's accomplishment in generating waqf land in Seberang Jaya. Through the renting of 27 store units totaling RM56,050.00 each month. MAINPP also obtains 30% of the RM600,000 Musyarakah (partnership) earnings. This amount has exceeded the amount set aside for distribution to *mawquf 'alayh* under the terms of the trust deed. This is clear when the initial waqf land of paddy fields, which earns only RM400 per month in rental returns, skyrockets to a figure that multiplies following commercial housing development. The revenue is seen not just in terms of profit generating, but also in terms of having a larger impact later on when the earnings can help the local Muslim community own assets and grow the assets of the Muslims in Penang by purchasing other property to be reclaimed for various development objectives. Figure 1 shows a comparison of what occurred before and after 10 years of development of Seetee Aisah waqf land in Penang.

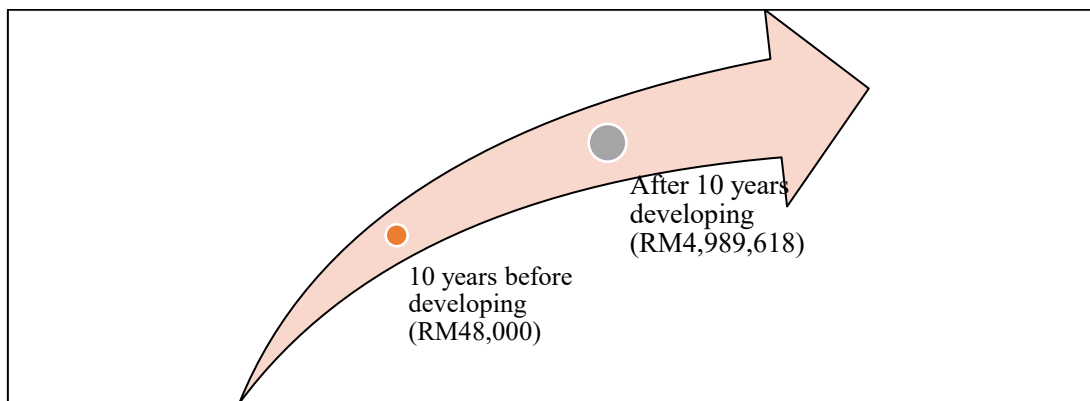


Figure 1: Profit Comparison of Commercial Housing Waqf Development in Penang Before and After 10 Years

Based on the above, Figure 1 shows how significant variances occur in creating profit, which can benefit the *waqif* and the beneficiaries named in the trust deed in the long run. In addition, Table 1 below illustrates the total profit generated by the Seetee Aisah Project after ten years of development from 2013 to 2022:

Table 1: Profit from Seetee Aisah Waqf Land Development after 10 Years

YEAR	PROFIT (RM)
2013	225,750.00
2014	544,600.00
2015	593,534.00
2016	614,986.00
2017	616,328.00
2018	597,253.00
2019	623,887.00
2020	417,480.00
2021	397,800.00
2022	358,000.00
<b>TOTAL</b>	<b>4,989,618.00</b>

Sources: MAINPP, 2022

## CONCLUSION

In conclusion, the growth of Commercial Housing Waqf is the solution to the country's turmoil, particularly growing house prices year after year, homelessness, and houses that

are inappropriate for families. These factors may indirectly contribute to an increase in crime statistics and social difficulties in the community. Thus, commercial housing waqf plays an important role in addressing these issues by providing affordable housing, generating sustainable income, promoting social development, empowering individuals, and encouraging philanthropic engagement, ultimately working towards the goals of essential aspects of the Sustainable Development Goals (SDGs) in the eyes of the world.

As a result, while this commercial housing waqf development did not cover or assist with all of the United Nations (UN) goals, it cannot be denied that it is a prestigious contributor to achieving the essential top goals in SDGs which is no poverty.

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