



# Persatuan Pengguna Pulau Pinang Consumers Association of Penang

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**Letter to the Editor**

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## **Safeguard Residents' Rights in Malaysia's Urban Renewal Act**

The proposed Urban Renewal Act (URA) in Malaysia aims to address the issue of ageing and dilapidated buildings in urban centres by establishing a legal framework for their redevelopment. The Act proposes consent thresholds for redevelopment projects based on the age and condition of the buildings: 80 per cent consent for buildings under 30 years old, 75 per cent for those over 30 years old, and 51 per cent for unsafe or abandoned structures. This approach by the government seeks to balance the need for urban modernisation with property owners' rights, ensuring that redevelopment efforts are conducted fairly and contribute to economic growth.

However, the URA has sparked debate over its implications for property rights and community stability. Critics argue that lowering the consent threshold could pressure minority property owners to sell against their will, potentially undermining constitutional protections under Article 13, which safeguards property rights. There are also concerns about the adequacy of compensation and the potential for gentrification, which could displace existing residents, particularly those from lower-income backgrounds.

In response to these concerns, government officials have emphasised that the URA is designed to benefit property owners and contribute to economic growth without unjustly displacing residents. The Urban Renewal Bill which is currently presented for public consultation includes principles to ensure owners' consent, protect original residents, and safeguard landowners' interests. For instance, in previous redevelopment projects such as Residensi Kerinchi, original owners received new units that were larger and more valuable than their previous ones. The government also assures that redevelopment will not proceed without the required consent and that fair compensation and temporary relocation arrangements will be provided to affected residents.

The Consumers' Association of Penang (CAP) expresses conditional support for the adoption of the URA, as we have serious concerns about the current draft Bill, which fails to clearly outline the protection for affected residents. With legal ambiguities present, residents' risk being subjected to future interpretations of the Act which undermine their interests.

CAP proposes the establishment of a Housing Development Board (HDB) comprising representatives from various ministries and government agencies, including the Ministry of Women, Family and Community Development (KPWK), professional valuation groups, and non-governmental organisations (NGOs). The HDB could oversee the complex implementation of the URA, particularly regarding the redevelopment of old buildings, the rights of affected residents, and their relocation.

Malaysia should take a long-term, comprehensive approach similar to Singapore. Any redevelopment will likely increase housing density. The density for the redevelopment should adhere to approved plot ratio in local plans, or in their absence, reasonable densities, subject to environmental and social

impact analysis and public participation. The redeveloped area must also include provision for facilities such as efficient public transport, open parks, markets, and government clinics, while also addressing the needs of an ageing population.

CAP recommends that the HDB leads the urban renewal, redevelopment, regeneration or revitalisation projects by opening tender for private contractors to bid. Only contractors with a good track record should be awarded the tender. All state urban renewal plans must obtain clearance from the HDB before proceeding.

The HDB should also coordinate urban renewal efforts nationwide, ensuring adherence to proper guidelines and safeguarding residents against forced evictions through the Land Acquisition Act (LAA). In the past, there have been instances where residents were threatened with the LAA to pressure them into accepting unfair offers.

Any redevelopment should not impact current residents, affecting their existing social fabric. It is of utmost importance that the residents should be rehomed on the site of their existing residence or within the same vicinity.

Urban renewal could negatively impact subtenants in People's Housing Projects (PPR) and Public Housing Projects (PA), especially those illegally sublet at inflated prices. This could lead to mass evictions of illegal subtenants without alternative housing. CAP urges the government to offer better PPR/PA units to genuine low-income households while updating household registries to weed out ineligible tenants and blacklist those violating rental terms.

The government should continue PPR/PA rental schemes while enforcing stricter rental collection and maintaining up-to-date registries on a regular basis. CAP also supports expanding Rent-to-Own (RTO) schemes that enable residents to own their units after 20 to 25 years of renting. Penang examples include Rifle Range and K Park flats on the island, as well as Desa Wawasan, Mak Mandin, Taman Seruling Emas, and Taman Sungai Duri Permai in Seberang Perai.

Low-cost properties face a high maintenance fee default rate compared to medium- and high-cost properties. Defaults in low-cost housing maintenance fees accumulate significantly over the years, leading to dilapidation and placing the burden of repair costs on taxpayers.

Forced evictions should be avoided unless tenants sublet their units to third parties for profit, thereby depriving deserving applicants of access to social housing. Exemptions must be made for families who default on rent due to job loss, irregular income, or genuine financial hardship. The Welfare Department under the KPWK, with the help of NGOs, can assist such financially distressed families in covering their rental obligations.

The promise that the URA will provide various forms of compensation or benefits to owners—such as payments to support their livelihood during the construction period—must be legally codified. Otherwise, these provisions could be manipulated in the future to suit vested agendas which are not in the public interest.

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