

KINIGUIDE | Urban Renewal Act - what do we know so far?

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KINIGUIDE | Recently, a heated debate erupted in the Dewan Rakyat over the federal government's plan to introduce an Urban Renewal Act or URA.

While Putrajaya stresses the need for a new law that will allow redevelopment of old and dilapidated housing in urban areas, the proposal has received fierce pushback from opposition leaders who argued it will marginalise certain communities, especially those from the lower income groups.

This KiniGuide lists what we know so far about the URA.

What is the URA?

It is a new law that is still in the pipeline. The Housing and Local Government Ministry has prepared a draft of the bill and it is currently in the stage of gathering feedback from stakeholders.

This bill seeks to give a federal executive committee and state-level executive

committees the power to redevelop and revitalise buildings or land parcels, or carry out regeneration projects on abandoned buildings, without having to get 100 percent approval from owners.

Currently, Section 57 of the Strata Titles Act 1985 requires a “unanimous resolution” from owners of a building or land parcel before a management corporation can take over as a trustee to execute urban renewal works.

The URA is supposedly a law that prioritises consultation and agreement with a lot owner based on the principles of fairness, legitimacy, and comprehensiveness, as opposed to forced acquisition.

Why is the government introducing the URA?

The Town and Country Planning Department (PlanMalaysia) said they have identified 534 areas in the peninsula that have the potential for urban renewal.

Of the 534 areas, 139 are located in Kuala Lumpur, including old and dilapidated flats that are deemed unsafe for occupants.

Housing and Local Government Minister Nga Kor Ming cited in Parliament that the Public Works Department recommends that every building is “only safe to be occupied for a period of 70 to 80 years”.

He also said previously that the URA will create abundant investment opportunities to change the city skyline and generate hundreds of billions in gross development value.

According to Prime Minister Anwar Ibrahim, the existing legal provision that requires 100 percent approval from owners has hindered plans to redevelop buildings including those that are no longer fit.

As an example, Anwar pointed to the Desa Kudalari Apartment in Kuala Lumpur, where an urban renewal plan for the area could not be executed due to the objection of one unit owner.

“Only because one person disagreed with the plan, the outdated and dilapidated apartment building still exists in the middle of this big city until today,” he said.

How does the URA work?

Based on PlanMalaysia infographics, urban renewal projects are divided into three main components: redevelopment, regeneration, and revitalisation.

Under urban redevelopment, projects would involve changing the physical structure of an existing building, including reconstruction, renovation, and repairs.

Regeneration is aimed at rehabilitating abandoned buildings that are outdated and dilapidated, while revitalisation targets areas that suffer socio-economic decline due to degenerated buildings or land parcels.

If it becomes law, the URA will allow local authorities to send notices to the owners or occupants of an identified lot for an urban renewal project, after which the latter has to appear before the authority for consultation.

In the case of buildings still deemed safe for occupation, the bill proposes setting the approval threshold at 80 percent for those aged below 30 years while older premises only require the agreement of at least 75 percent of owners.

While for unsafe and abandoned premises, URA seeks a simple majority of 51 percent.

What would owners get from the URA?

The government promised that owners will stand to gain from urban renewal projects, where they will get higher values for their properties.

According to the draft bill, the authorities in charge of urban renewal projects have to ensure the owner or occupier - who has agreed to the project - receives “an offer of not less favourable” than what they “currently enjoy as prescribed”.

The prime minister said one of the conditions under the URA is that owners cannot get a unit that is in any way lesser than what they already own.

“It cannot be cheaper than the old unit, it cannot be smaller. These are the principles that we are using and going to implement,” he said during a Prime Minister’s Question Time session in the Parliament.

“If now (their house) has one bedroom, (they will get a new unit) with at least three bedrooms. That is the condition,” Anwar added.

Based on PlanMalaysia’s information, owners or occupants will be relocated to a “temporary settlement that is conducive” pending completion of the project.

Who will pay for the projects?

It has not been spelt out who will bear the expenses for the urban renewal projects.

However, based on Section 10(4) in the draft bill, the local authority may claim the expenses and cost of the urban revitalisation project from the owner or occupier, and they are recoverable as debt to the local authority.

Details about the URA are still scarce as only a draft of the bill, which has a total

of 20 pages for its English version, has been made available to the public.

The government does not usually share draft bills until they are revealed in Parliament, but in some cases, details would be shared during consultation with stakeholders.

Objections and allegations against the URA

The proposal to table the URA has received strong objections from the opposition, particularly among Perikatan Nasional leaders who claimed the new law would deny the rights of the minority.

Muar MP Syed Saddiq Syed Abdul Rahman from Muda has branded the bill as a “house-grabbing act”, warning that it could disproportionately benefit developers at the expense of lower-income groups.

PAS deputy president Tuan Ibrahim Tuan Man described the proposed Act as a subtle tactic to displace poor Malays and Indians from urban areas.

According to Tuan Ibrahim, poor residents might not be able to return to the redeveloped area due to an increase in property prices, which would effectively force them to stay out.

“Once this Act is passed, the affected areas will be redeveloped. Those who previously bought homes for over RM100,000 will not be able to afford to repurchase them at over RM500,000.

“The minister responded that banks are available to provide loans... so the minister wants capitalists to monopolise the process. This is a subtle method to push out those who cannot afford it, particularly Malays and Indians,” he said at a press conference in Parliament.

PAS Youth has since announced a rally to protest the URA, which it dubbed as a form of “modern colonialism” and would see the poor chased out of their land like Palestinians.

In response to this, the prime minister said on Tuesday that the proposed law would not give the government the power to change the status of lot ownership.

Anwar also stressed that the URA would not change the bumiputera percentage in the area.

“I gave an example of the Seri Perlis flat in Bandar Tun Razak. If now the ownership is 70 percent Malays, that will remain.

“Under the proposed Act, we (the government) do not have any right to move

owners.

“The issue of (impact on) original owners does not arise in any way,” he added.

When will URA go to Parliament?

So far, the government has not announced a specific date when they are going to table the proposal at the Dewan Rakyat.

However, according to media reports, PlanMalaysia director-general Alias Rameli indicated that it might be around June or July this year.

He said a draft bill has been submitted to the Attorney-General’s Chambers and, after discussions are finalised, it would be presented to the cabinet between April and May.

Members of the public can also access and scrutinise the draft bill and other related documents, including PlanMalaysia’s presentation deck on the URA, via the government’s Unified Public Consultation website.

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