

# Towards A Secure and Fully Functioning Housing Rental Sector

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## Introduction

Malaysia's rapid urbanisation has shaped its housing landscape, where residential renting is becoming increasingly common in major urban districts. In 2022, urban districts generally recorded a higher proportion of renter households compared to the national average of 20.3%. For instance, Petaling recorded 36.4%, followed by Kuala Lumpur and Gombak at 34.3%, and Johor Bahru at 26.9%<sup>1</sup>. Despite that, Malaysia does not have a single, comprehensive set of laws to regulate and monitor residential rental activities.

In this article, we argue that gaps in the rental market can be addressed through a single-tenancy legislation that enhances the benefits of formalising renting and tenants with community bonding, particularly in urban strata

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<sup>1</sup> DOS (2022)

communities. With this, renting can become a secure and fully functioning housing option along with homeownership.

## Gaps and Implications

Unlike in more developed countries such as the United Kingdom, Australia, and Canada, Malaysia's housing rental practice is governed by different legislations such as the National Land Code (Revised 2020), Contracts Act 1950, Civil Law Act 1956, and Specific Relief Act 1950 (which includes eviction law) resulting in imposition of rights and responsibilities on landlords and tenants that might not be proactive in terms of protecting 'similar' rights to both tenants and landlords<sup>2</sup>. For example, tenancy agreements are generally covered by the Contract Act 1950, where refusing to conclude a contract is acceptable, even if it is based on racial preference. Similarly, the eviction of tenants is covered in the Specific Relief Act 1950, where a long process is needed.

Also, without an anchoring legal statute, the fragmented governing framework would tend to let things be 'left to the market'. Hence, it always misses the efforts to ensure a habitable living space for tenants, which is important for a dignified living<sup>3</sup>. Whether it is legal to live and rent in a non-habitable space depends on checking the scattered legal documents, and it is always on the principle of *caveat emptor* (let buyers beware), rather than referring to a single reference point where implied warranty of habitability is applied.

In addition, a common rental practice may undermine and disregard the element of neighbourhood cohesion between tenants and the local community. This systematically isolates renters in communal living, especially in urban strata living environments. For example, tenants in urban strata communities do not have similar rights to a parcel owner, making their voice could be largely absent in governance, decision-making, and community-building. As such, a Management Committee formed by parcel owners without a representation of tenants can set a minimum rental price in order to secure the property value, which can affect affordability and raise disputes on the quality of living tenants pay for<sup>4</sup>.

Furthermore, the emerging trend of room rental in urban society<sup>5</sup>—especially within strata housing like condominiums or apartments—presents not only a challenge for renters to attain decent housing but also an even greater challenge for cultivating a sense of belonging compared to whole-unit tenants or owner-occupiers. This form of rental is very common among Malaysian youth, particularly in urban centres, yet it is largely ignored in both policy programs and research.

Most importantly, if local government elections are back in Malaysia<sup>6</sup>, it is likely to be limited to those who own a house or have an address in a locality. Thus, it would exclude tenants' residency as eligibility to participate, unless the status of renting is taken seriously. The 'informality' of Malaysian residential tenancy often leads to unequal treatment of different housing tenures. To

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<sup>2</sup> Azlinor Sufian (2012)

<sup>3</sup> Suraya Ismail (2022)

<sup>4</sup> Sharen Kaur (2025)

<sup>5</sup> Chung Ying Yi (2022)

<sup>6</sup> Sharifah Shahirah (2024)

some extent, it contributes to exclusion and inclusion errors in policy and assistance programs. As an example, during the COVID-19 pandemic, homeowners were granted moratoriums on mortgage repayments to assist economic survival during the crisis<sup>7</sup>. While those who rent might only get moratoriums on their monthly rent at their landlords' discretion, although they may need more than a homeowner. In the recent unfortunate fire accident in Putra Heights, the compensation amount entitled for owners and renters is also uneven, where it is higher for homeowners, though both might suffer similar loss<sup>8</sup>.

## **Conclusion and The Way Forward With The Residential Tenancy Act (RTA)**

Malaysia's growing renter population requires a more structured governance, possibly with the existence of an RTA. The heavily criticised RM 300 'coffin room'<sup>9</sup> is an example of a case where the scattered rental legislation fails to address a dignified housing standard for tenants (and people). Hence, the proposed RTA could serve as a reference point of what 'decent housing' should be. In addition, RTA can provide a legal provision where a formal recognition of tenants leads them to participate in communal processes such as voting in a strata community or even in a local election. Moreover, the RTA should offer a recognition of residential tenancy status, which would address current gaps in policy programs where renters receive unequal treatment.

Such acts would transform Malaysia's rental market from an isolated housing practice into a secure housing option, promoting inclusive neighbourhoods, and addressing gaps in government programs, thus uplifting the humanising housing agenda<sup>10</sup>, particularly in urban areas.

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<sup>7</sup> Hamiza Jamaludin et al. (2021)

<sup>8</sup> The Star (2025)

<sup>9</sup> Ikhwan Zulkaflee (2022); Suraya Ismail (2022)

<sup>10</sup> See Nur Fareza Mustapha (2025) for more discussion on [the humanising housing agenda](#).

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