

CRITICISM of the Urban Renewal Bill centres on its proposed consent threshold for redevelopment. In the course of assisting in amending the Strata Management Act 2013, I was also tasked with reviewing the consent threshold for dealing with strata management issues. This article will attempt to elaborate on the different types of consent thresholds.

Majority rule is not a foreign concept. It is, in fact, a general rule designed primarily to advance the principle of functionality and efficient decision-making. This essential principle is widely adopted in governance across various legal frameworks, including the Companies Act 2016 and the Strata Management Act 2013.

In a strata scheme, it is arguably the most crucial feature, serving as the primary basis for passing resolutions at general meetings. This includes important agenda items such as electing management committee members to handle day-to-day operations, moving amendments to by-laws, applying different rates of charges and acquiring land outside a strata scheme.

The required passing threshold increases with the complexity of the matters being deliberated, gradually escalating from a simple 50+1% majority of cast votes for routine matters to 66.7% (two-thirds) of the aggregate share units for more significant decisions (in establishing a subsidiary management corporation).

Tiered approach and majority rule

This tiered approach ensures the efficient operation and management of the strata scheme while reflecting the importance of consensus for major changes. Conversely, an overstatement of the threshold will impede function, risking a strata scheme running into poor maintenance. For example, the failure to raise sufficient funds to change an escalator which is very common in buildings more than 15 years old.

Therefore, the key is to strike a necessary balance. Majority rule is paramount to the successful operation of a strata scheme. Acknowledging that achieving 100% consensus is often unfeasible and ensuring no single party holds veto power over collective decisions.



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Consequently, the courts generally exercise caution in interfering with voting results and avoid reversing outcomes, particularly when the decision represents the aggregate will of multiple owners with minority share units.

Consent threshold: Upholding majority rule

In that context, a cornerstone of this Urban Renewal Act (URA) is the crucial shift in the consent threshold. This serves as an extension to the consent threshold, ranging from 51% to 80% when it comes to urban renewal.

Urban renewal represents the tail end of a strata scheme when it will ultimately lead to the Joint Management Body, Management Corporation and/or the Subsidiary Management Corporation being dissolved with a new entity leading the renewal.

An 80% threshold (applied to buildings 30 years old or less) represents one of the highest consent requirements when compared to the existing threshold within a standard strata regime. This is even higher compared to establishing a subsidiary management corporation.

Having a 100% requirement is undemocratic, effectively granting a single owner absolute veto power over the collective will and safety of hundreds of others. This is an unsustainable bottleneck that brings functionality to a halt.

Promoting a self-regulation mechanism

An 80% consent threshold is not something easily achievable. If proprietors at large have decided to vote in favour, then they must be given due weight. This change upholds the principle of majority rule, ensuring that the collective needs of the community prevail for the greater good. It is a practical compromise that

URA: Why it deserves support

Ordinary Resolution
50+1% on casted votes

Special Resolution
75% on casted votes

Unanimous Resolution
100% on casted votes

Comprehensive Resolution
66.7% on aggregate share units

How the majority vote is decided in a strata scheme

prevents progress from being stymied by a minority who cannot be reached or refuse to cooperate.

This, in fact, further promotes the self-regulation mechanism as it was intended for within a strata regime. The proprietors within the scheme know best. The wheel of functionality must go on for urban development. This sensible adjustment allows for necessary safety upgrades and modern infrastructure development to proceed, improving the well-being of the vast majority of residents and allowing our cities to evolve effectively.

Averting future decay

A crucial, often overlooked, aspect of the urban renewal conversation is ongoing maintenance. The Bill implicitly addresses shortcomings in existing strata management by providing a last resort mechanism for renewal when proactive maintenance fails.

Currently, weak enforcement of strata maintenance fees, underfunded sinking funds and a culture of skipping upkeep have left many buildings decaying well before their time.

The Urban Renewal Bill aims to prevent this cycle of neglect by creating a framework where the long-term viability of buildings is paramount.

By enabling faster action on neglected properties, it signals the importance of robust strata

management.

At the same time, I also express a desire for stronger enforcement within the strata regime and urge the Commissioner of Buildings to utilise the powers granted under the Strata Management Act 2013 (Act 757) to ensure preventive maintenance is well funded and carried out, thereby delaying the need for eventual full redevelopment until truly necessary.

Striking a balance

The idea that no one should be deprived of their property, as one argues, is not an absolute right and must be balanced against the rights of those who have cast their votes forming the majority and societal needs.

The Bill should set clear procedures and guarantee adequate compensation, ensuring that the ultimate goal of urban renewal is achieved without violating fundamental constitutional rights.

The proposed Urban Renewal Bill 2025 offers a vital, long-overdue legal framework to cut through this gridlock and transform neglected urban areas into thriving, modern and safer communities.

This bill is not about profit over people; it is about providing the tools to ensure our cities remain liveable, competitive and safe for future generations.

Balancing rights with progress

In conclusion, the Urban Renewal Bill represents a crucial opportunity to future-proof our cities, enhance safety and create more liveable urban environments. It addresses the practical hurdles that have long plagued strata developments and urban planning in Malaysia, importantly restoring majority rule in collective decision-making.

The government has shown a commitment to gathering feedback and refining the Bill's provisions. Now is the time to support this essential legislation, ensuring our cities can adapt, thrive and provide better opportunities for all Malaysians.

