



CHALLENGES AND READINESS FOR THE URBAN RENEWAL ACT: PERSPECTIVES OF TOWN PLANNERS IN PENANG

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Abstract

Malaysia's proposed Urban Renewal Act (URA) represents a major policy effort to revitalise ageing urban areas through a unified legal and institutional framework. However, as the Act has not yet been gazetted, questions remain about the readiness of institutions and communities to implement it effectively. This study examines institutional and community preparedness for the URA, focusing on Penang as a case study where urban development intersects with heritage conservation. A qualitative approach was adopted, involving semi-structured interviews with practising town planners from the government and private sectors. Thematic analysis revealed four key challenges, legal uncertainty, fragmented coordination, financial constraints, and low community trust. Institutional readiness was found to be partial, as technical capacity exists, but coordination and procedural clarity are lacking. Community readiness remains weak due to limited awareness and mistrust of redevelopment intentions. Guided by Institutional Readiness Theory, the study concludes that Malaysia exhibits high commitment but low efficacy for implementing the URA. Strengthening inter-agency collaboration, establishing clear procedural frameworks, and enhancing public communication are critical steps toward operational readiness. The findings contribute to understanding how policy innovation in Malaysia's urban governance can evolve from legislative ambition to practical, inclusive reform.

Keywords: Urban renewal, Urban Renewal Act, challenges, readiness and strategies

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INTRODUCTION

Malaysia has undergone rapid urbanisation in recent decades, with more than 76% of its population residing in urban areas compared to 62% in 2000 (DOSM, 2021). This demographic shift has placed increasing pressure on urban infrastructure, housing, and land management systems, particularly in states with high densities such as Penang. Renowned for its strategic economic role and UNESCO World Heritage status, Penang faces a dual challenge: sustaining economic growth while safeguarding its rich cultural heritage and social fabric.

Urban renewal is generally defined as the planned transformation of deteriorated or underutilised urban areas into functional, liveable, and sustainable environments (Roberts & Sykes, 2000; Couch, Sykes & Börstinghaus, 2011). Over time, however, the concept expanded into a multidimensional strategy that integrates physical, social, economic, and environmental objectives. Contemporary interpretations emphasise regeneration, sustainability, and inclusivity, with increasing attention given to governance structures and community participation (Roosli et al., 2019; Shin, 2016). In Malaysia, the Ministry of Housing and Local Government (MHLG) frames urban renewal as a structured intervention designed to revitalise ageing urban areas (Roosli et al., 2019; Soo, 2025). This interpretation highlights the importance of legal clarity, institutional coordination, socio-economic improvement, and the protection of communities directly affected by redevelopment.

Despite these policy intentions, empirical research on the Urban Renewal Act (URA) remains limited, as the Act has yet to be gazetted and, consequently, has not been tested through practical implementation. Existing Malaysian studies primarily examine fragmented redevelopment mechanisms, including the *Strata Titles Act 1985*, urban land readjustment schemes, and heritage conservation initiatives in George Town (Marzukhi et al., 2018; Che Pin et al., 2024). However, there is still insufficient understanding of how planning institutions, practitioners, and local communities are positioned to operationalise the forthcoming Act, particularly within Penang's complex urban-heritage context. This paucity of empirical evidence on institutional capacity and community readiness highlights a critical research gap in the Malaysian urban planning discourse.

Penang presents a distinctive case because it must reconcile urban redevelopment pressures with the protection of George Town's UNESCO World Heritage Site. Renewal projects here are influenced not only by legal and technical considerations but also by socio-cultural sensitivities, ownership disputes, and community trust. These intersecting factors make Penang a meaningful context to examine how readiness for the URA might be shaped by governance, institutional coordination, and heritage-related constraints.

To frame this investigation conceptually, the study applies Institutional Readiness Theory (Weiner, 2009) as its guiding framework. The theory posits

that successful implementation of change depends on two key elements: change commitment (stakeholders' collective determination to pursue reform) and change efficacy (their shared belief in having the capacity and coordination to achieve it). Within the Malaysian context, this theoretical lens provides a structured way to interpret how planning institutions, government agencies, and local communities perceive their preparedness for the URA, both administratively and socially. It also allows the study to move beyond descriptive policy discussions and towards an analytical understanding of the behavioural, institutional, and contextual factors that influence readiness. Accordingly, this study pursues three objectives:

1. To identify the key challenges faced by town planners in implementing urban renewal initiatives;
2. To examine their perceptions of institutional and community readiness for the URA; and
3. To explore strategies proposed to strengthen readiness for successful implementation.

LITERATURE REVIEW

Evolution of Urban Renewal Concepts

Historically, urban renewal focused on the physical reorganisation of declining city areas. During the post-war period, Europe and the United States promoted large-scale redevelopment as a primary strategy for economic revival and modernisation. Urban renewal, as described by Roberts and Sykes (2011), is an encompassing framework that seeks to alleviate urban challenges while simultaneously improving the economy, physical landscape, social structure, and overall environment of cities. Early renewal models, however, were widely criticised for being overly top-down and for prioritising demolition and reconstruction while neglecting the social and cultural dimensions of urban life.

By the 1990s, the academic and policy focus had shifted to urban regeneration, incorporating social equity, cultural vibrancy, and economic viability within physical redevelopment (Roberts & Sykes, 2008). More recent frameworks emphasise participatory planning, inclusion, and heritage protection as fundamental elements of renewal (Wu et al., 2020). These developments mirror broader shifts toward urban governance theory, which views urban transformation as a collaborative process involving state, market, and community actors. Thus, modern renewal practice recognises that sustainable redevelopment requires institutional coordination, adaptive policymaking, and active citizen participation. This is particularly relevant in Malaysia, where conservation, heritage, and community livelihoods, especially in heritage cities such as Penang are deeply interconnected.

International Experiences in Urban Renewal

Urban renewal practices vary across countries, shaped by governance models and institutional capacity. In European cities, renewal prioritises participatory planning and collaboration between public and private sectors. While this fosters social inclusion, it often leads to protracted project timelines (Roberts & Sykes, 2008). Singapore, by contrast, applies a centralised, state-led model under the Urban Redevelopment Authority, allowing rapid redevelopment through strong legal powers but with limited community involvement (Dobs & Loh, 2021). China's evolving approach illustrates a move toward "micro-renewal," which promotes incremental, community-sensitive improvements rather than large-scale clearance (Ye et al., 2021). Hong Kong's Urban Renewal Authority demonstrates a hybrid form that delivers physical transformation but has been criticised for triggering gentrification and displacement (Yung & Chan, 2011).

Together, these cases illustrate that no single governance model guarantees success. Outcomes depend on how governments balance efficiency, equity, and participation within their institutional frameworks. This insight aligns with institutional change theory, which stresses that effective policy innovation requires adaptive institutions capable of coordinating across agencies, reforming rigid systems, and fostering trust among stakeholders (Patterson & Huitema, 2018). Equally, participatory planning theory highlights that social legitimacy and trust are built through inclusive engagement, particularly in contexts where heritage and displacement concerns are prominent (Roberts & Sykes, 2008; Yung & Chan, 2011).

Urban Renewal in Malaysia

Malaysia's existing legal landscape provides a fragmented yet interdependent foundation for urban renewal. The *Town and Country Planning Act 1976 (Act 172)* and the *Local Government Act 1976 (Act 171)* establish the statutory framework for spatial planning and local administration, defining how land use, zoning, and development approvals are managed within municipal jurisdictions. However, these Acts were initially designed to regulate growth and control development rather than to facilitate large-scale regeneration. Similarly, the *Strata Titles Act 1985 (Act 318)* governs collective property ownership but requires unanimous consent for redevelopment, creating procedural bottlenecks in ageing high-density housing areas (Marzukhi et al., 2018). The *National Land Code 1965* further constrains renewal by prescribing rigid processes for land amalgamation and conversion of tenure, while technical compliance is governed by the *Street, Drainage and Building Act 1974*.

Although these instruments collectively regulate urban form, they function in isolation, with overlapping jurisdictions and limited mechanisms for inter-agency coordination. To bridge these legal and administrative silos, PLANMalaysia under the Ministry of Housing and Local Government

introduced the *Garis Panduan Pelaksanaan Pembaharuan Semula Bandar* (2018), outlining voluntary principles for phased development, one-to-one housing replacement, and heritage conservation. Yet, as a non-statutory document, its enforcement remains discretionary. The forthcoming *Urban Renewal Act (URA)*, or *Akta Pembaharuan Semula Bandar (PSB)*, is thus conceived as a harmonising statute that consolidates these fragmented provisions into a coherent framework. It seeks to integrate planning, property, and institutional mechanisms under a single legislative umbrella, ensuring legal clarity, procedural consistency, and protection of ownership rights as guaranteed under Article 13 of the Federal Constitution.

The proposed URA still under review and not yet gazetted aims to unify fragmented policies and establish a consistent process for renewal implementation. Nevertheless, institutional and legal challenges persist. Land matters fall under state jurisdiction, leading to overlapping responsibilities among federal, state, and local agencies (Roosli et al., 2019). Strengthening urban governance is therefore essential to coordinate actors, clarify responsibilities, and ensure transparent decision-making.

Equally critical is the participation gap. Although the Town and Country Planning Act 1976 provides a mechanism for public involvement, participation often remains procedural rather than substantive. Research in Penang shows that affected communities especially within George Town's heritage areas are frequently excluded from meaningful dialogue, resulting in mistrust and resistance (Morshidi, 2014; Eni et al., 2025). This highlights the need for more inclusive, participatory governance models that align physical redevelopment with social and cultural sustainability.

Synthesis: Contextualising International Insights in the Malaysian Setting

Comparatively, Malaysia's governance structure differs from both the centralised models of Singapore and Hong Kong and the decentralised participatory frameworks of Europe. Land is constitutionally a state matter, and urban planning operates within a federal–state–local hierarchy, often resulting in administrative silos and limited coordination (Roosli et al., 2019). These institutional characteristics constrain Malaysia's ability to implement urban renewal efficiently and equitably.

Drawing lessons from international experiences, Malaysia requires a hybrid approach that merges the procedural clarity of centralised systems with the inclusiveness of participatory governance. The forthcoming URA thus represents both a policy innovation and a test of institutional adaptability. Its implementation, particularly in Penang, where renewal intersects with UNESCO World Heritage obligations, requires careful negotiation between efficiency, equity, and preservation.

This study conceptualises these challenges through Institutional Readiness Theory (Weiner, 2009). The theory emphasises that the success of change initiatives depends on stakeholders' change commitment (their shared determination to pursue reform) and change efficacy (their collective belief in having the capacity and coordination to execute it). In the Malaysian context, readiness for the URA hinges on the ability of institutions and communities to cooperate, align their objectives, and manage socio-cultural sensitivities. Integrating perspectives from urban governance, institutional change, and participatory planning, this theoretical lens provides a coherent framework to analyse how planners in Penang interpret institutional and community preparedness for implementing the Urban Renewal Act.

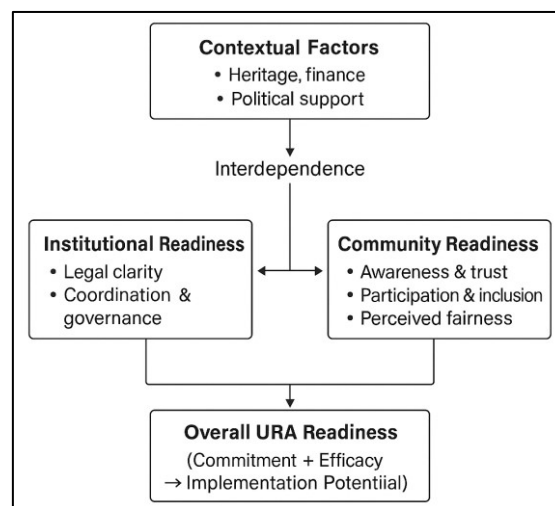


Figure 1: Conceptual Framework

The conceptual framework in Figure 1 integrates Institutional Readiness Theory (Weiner, 2009) with Malaysia's urban governance structure to conceptualise readiness for URA. The framework posits that readiness is a multidimensional construct comprising institutional, community, and contextual dimensions, all of which collectively influence the potential for effective policy implementation. At the core, readiness depends on two interrelated components: change commitment and change efficacy, which reflect the collective willingness and perceived ability of institutions and stakeholders to implement reform.

- **Contextual Dimension:** This accounts for heritage governance, financial incentives, and political support. These external factors shape both institutional and community readiness by influencing how renewal policies are perceived and operationalised.

- **Institutional Dimension:** This includes legal clarity, coordination mechanisms, and resource capacity. It reflects how well inter-agency structures (MHLG, PLANMalaysia, and local authorities) align in terms of policy coherence, technical expertise, and administrative collaboration.
- **Community Dimension:** This covers trust, awareness, and participation. Community readiness is defined by how informed and confident residents are about renewal processes, particularly in sensitive areas like Penang's heritage zones where social identity and property rights are intertwined.

The interaction between these dimensions determines the level of overall URA readiness, represented by three outcomes:

- Strong institutional coordination, inclusive participation, and adequate resources.
- Partial policy alignment with limited coordination or social trust.
- Policy uncertainty, weak communication, and resistance at the community level.

This framework situates readiness not merely as administrative preparedness but as a dynamic governance process linking institutional behaviour, stakeholder engagement, and contextual constraints. It emphasises that for the URA to move from proposal to practice, readiness must evolve concurrently across policy, institutional, and societal levels.

METHODOLOGY

Research Design and Case Study

This study employed a qualitative case study design to explore the challenges and institutional readiness surrounding the implementation of the Urban Renewal Act (URA), with a particular focus on the experiences and viewpoints of practising town planners in Penang. A qualitative approach was deemed most appropriate, as the research sought to delve into professional interpretations, lived realities, and organisational contexts dimensions that cannot be meaningfully understood through numerical data or statistical models alone (Creswell & Poth, 2018).

Penang was chosen as the case study for three reasons. First, it is among Malaysia's most densely populated states, where rapid urbanisation continues to strain infrastructure and land resources. Second, George Town's recognition as a UNESCO World Heritage Site in 2008 creates additional challenges, requiring planners to balance conservation with development pressures. Third, Penang has become a focal point in national discussions on renewal, making it a timely and relevant setting to explore the feasibility of the URA.

Sampling, Instrument and Data Collection

Purposive and snowball sampling were used to identify a group of planners with direct involvement in urban renewal. The final sample consisted of six senior professionals, each with over ten years of experience in development control, policy formulation, or project renewal. Respondents were drawn from the Majlis Bandaraya Pulau Pinang (MBPP), PLANMalaysia@Pulau Pinang, and private consultancy firms. This selection ensured that both institutional and private-sector viewpoints were represented, allowing for a more comprehensive understanding of renewal challenges and readiness from different organisational positions.

Although the number of participants is relatively small, it is appropriate for an in-depth qualitative case study focusing on a specialised expert group (Hennink & Kaiser, 2021; Guest et al., 2020). In line with the principle of data saturation, interviews continued until no substantially new themes emerged from the data. By the sixth interview, responses largely reinforced existing patterns rather than introducing novel categories, indicating that saturation had been reached for the study's scope (Weller et al., 2018).

An interview guide was developed based on the three main research objectives and informed by key constructs from Institutional Readiness Theory (Weiner, 2009), particularly change commitment and change efficacy. Questions were designed to probe perceptions of legal and institutional barriers, governance coordination, and community acceptance in relation to the URA. Data were collected through semi-structured interviews held between March and June 2025. Each session lasted 45–60 minutes and took place either face-to-face or online, depending on availability. Interviews were conducted in English or Malay, recorded with informed consent, and transcribed verbatim for analysis.

Data Analysis

Thematic analysis was undertaken to interpret the data, drawing on Braun and Clarke's (2006) six-phase framework. This entailed immersion in the transcripts, systematic coding, theme development, iterative reviewing, and the final articulation of findings. Coding was performed manually in the first instance, with codes organised around both inductive patterns emerging from the data and deductive categories informed by Institutional Readiness Theory. Emerging themes were then corroborated with secondary materials, such as policy documents (e.g., *Garis Panduan Pelaksanaan Pembaharuan Semula Bandar*) and relevant legislative texts, to strengthen the interpretive depth.

To enhance the validity and reliability of the thematic analysis, several measures were incorporated. First, coding reliability was addressed by having a second researcher independently review a subset of transcripts and preliminary codes. Differences in interpretation were discussed until consensus was reached,

supporting consistency in theme development. Second, member checking was conducted by sharing summaries of key themes with selected participants to confirm that the interpretations accurately reflected their views. Third, triangulation was employed by comparing interview data with multiple documentary sources, including policy guidelines, legislative provisions, and publicly available statements on the URA, to corroborate and refine the themes.

In addition, an audit trail of analytic decisions was maintained, including notes on code refinement and theme consolidation, to ensure transparency in the analytical process. Reflexive notes were also kept throughout the study to acknowledge the researchers' positionality and minimise interpretive bias. Collectively, these strategies strengthened the credibility, dependability, and confirmability of the findings derived from the thematic analysis.

FINDINGS

The summary illustrates how each research objective was addressed through themes, codes, and supporting evidence. Town planners identified key challenges such as consent thresholds, distrust, financial feasibility, and displacement risks; noted uneven readiness, with institutions showing partial capacity but communities remaining unprepared; and proposed strategies including legal harmonisation, clear SOPs, engagement, incentives, and safeguards. Together, these insights emphasise that effective implementation of the Urban Renewal Act requires both institutional integration and stronger community trust.

Table 1: Summary of Mapping Themes, Codes, Quotes and Supporting Literature

Research Objective	Themes	Codes	Illustrative Quotes	Supporting Literature
RO1: To determine the Challenges Faced by Town Planners in Implementing Urban Renewal	Theme 1: consent thresholds and ownership disputes	"100% agreement impossible"; "deadlock"; "constitutional issues"	<i>"Even if 99 owners agree, just one refusal will stop the whole project."</i> (R2) <i>"The proposed 75% consent may look good, but can it stand in court?"</i> (R4)	Marzukhi et al. (2018); Eni et al. (2025); Yung & Chan (2011)
	Theme 2: Political and Social Distrust	"mistrust"; "fear of eviction"; "misinformation"	<i>"People think renewal means demolition. They don't believe promises about fair compensation or rehousing."</i> (R1) <i>"Residents hear rumours on social media and immediately take them as fact."</i> (R6)	Eni et al. (2025); Roberts & Sykes (2008); Yung & Chan (2011)
	Theme 3: Financial Feasibility	"temporary housing"; "compensation burden"; "low-return areas"	<i>"Unless renewal is made financially attractive, the private sector will stay away."</i> (R3)	Eni et al. (2025); Kundu (2014); Yuen (2011)
	Theme 4: Risks of Gentrification	"loss of community"; "poor replaced by rich";	<i>"Renewal must not mean pushing out poor families... Otherwise Penang will lose its soul."</i> (R6) <i>"George Town is</i>	Davidson & Lees (2005); UNESCO

Research Objective	Themes	Codes	Illustrative Quotes	Supporting Literature
RO2: To explore the readiness for implementation of the URA.	Theme 1: Institutional Readiness	“heritage under threat” “administrative but fragmented”; “silo work”	<i>unique not just because of the shophouses but because of the community life.</i> ” (R2) “Institutions are ready in principle, but in practice, coordination is fragmented.” (R2)	(2011); Roberts & Sykes (2008) Weiner (2009); Marzukhi et al. (2018); Eni et al. (2025)
	Theme 2: Framework Gaps	“no clear guidelines”; “procedures unclear”	“The Bill gives broad ideas, but the procedures are unclear. Without step-by-step rules, every local authority will interpret it differently.” (R1)	Ye et al., (2021); Dobs & Loh (2021)
	Theme 3: Community Readiness	“low awareness”; “fear of displacement”; “lack of participation”	“Most residents don’t know what renewal means. They are easily influenced by rumours.” (R4)	Eni et al. (2025); Yung & Chan (2011); Roberts & Sykes (2008)
RO3: To examine potential strategies and recommendations for the readiness of the URA.	Theme 1: Legal and Policy Harmonisation	“overlapping laws”; “conflict between acts”; “need for integration”	“If the Urban Renewal Bill is not aligned with the Strata Titles Act, we will face legal conflicts.” (R4)	Eni et al. (2025); Dobs & Loh (2021); Yung & Chan (2011)
	Theme 2: Clear Procedural Frameworks	“need SOPs”; “step-by-step guidelines”; “avoid confusion”	“We need SOPs that are clear, detailed, and consistent across states.” (R1)	Ye et al., (2021); Dobs & Loh (2021)
	Theme 3: Community Engagement and Education	“continuous engagement”; “awareness campaigns”; “building trust”	“We need continuous engagement, not just one-off meetings. Trust is built over time.” (R3)	Roberts & Sykes (2008); Morshidi (2014)
	Theme 4: Developer Incentives	“tax relief”; “expedited approvals”; “financial subsidies”	“If developers get tax relief or faster approvals, they will be more willing to take the risk.” (R5)	Eni et al. (2025); Shin (2016)

Objective 1: Challenges Faced by Town Planners in Implementing Urban Renewal

The findings indicate that while the proposed URA has the potential to streamline redevelopment, its implementation in Penang is hindered by four recurring challenges: (i) consent thresholds and ownership disputes, (ii) political and social distrust, (iii) financial feasibility, and (iv) risks of gentrification and displacement. These barriers reflect structural, institutional, and social complexities that mirror experiences elsewhere but are intensified by Penang’s unique urban and heritage context.

Theme 1: Consent Threshold and Ownership Disputes

One of the most critical barriers is the requirement for unanimous owner consent under the Strata Titles Act 1985. Respondents consistently highlighted this requirement as impractical, noting that it frequently results in project stalemates. One planner remarked:

“Even with 99 owners consenting, a single objection can bring the entire project to a halt. This creates a deadlock and frustrates any renewal effort.” (R2)

Planners also expressed concern about the URA’s proposal to reduce the threshold to 75% consent, noting that although it may facilitate implementation, it could trigger legal and constitutional disputes:

“The proposed Urban Renewal Act suggests a lower threshold of 75%. While this looks good on paper, we worry about whether it will stand up in court.” (R4)

Overall, planners perceived legal uncertainty around consent and ownership as the most pressing obstacle to renewal.

Theme 2: Political and Social Distrust

Beyond legal hurdles, mistrust between communities, developers, and government agencies emerged as a decisive barrier. Respondents noted that many residents equate “renewal” with eviction and demolition, generating strong resistance:

“People think renewal means demolition. They don’t believe promises about fair compensation or rehousing.” (R1)

Misinformation further fuels distrust:

“Residents hear from a neighbour or on social media that they will lose their homes, and immediately the rumour becomes fact.” (R6)

Planners reported that in Penang’s heritage areas, where community identity is deeply rooted, such distrust is particularly intense and difficult to overcome.

Theme 3: Financial Feasibility

Financial viability represents another critical challenge. Developers are expected to cover costs for relocation, temporary housing, and compensation, which often outweigh potential returns. As one respondent noted:

“Developers must pay for relocation, temporary housing, and compensation. In low-return areas, it’s just not worth the investment.” (R5)

Another emphasised that without incentives, private sector participation will remain limited:

“Unless renewal is made financially attractive, the private sector will stay away.” (R3)

Planners therefore regard financial feasibility as central to whether renewal projects will proceed in practice, particularly in Penang, where competition from greenfield development is strong.

Theme 4: Risks of Gentrification and Displacement

Perhaps the most sensitive issue raised by planners concerns the social consequences of renewal. Respondents mentioned that renewal could accelerate gentrification, displace low-income households and erode cultural identity.

“Renewal must not mean pushing out poor families and replacing them with the wealthy. Otherwise, Penang will lose its soul.” (R6)

They also emphasised that George Town’s value lies not only in its physical shophouses but also in the communities that inhabit them:

“George Town is unique not just because of the shophouses but because of the community life within them. Renewal should preserve that, not destroy it.” (R2).

These concerns highlight the need to consider social and cultural dimensions alongside physical redevelopment when planning renewal in Penang. Taken together, these four themes illustrate the multidimensional challenges of implementing the URA in Penang. Legal and financial barriers constrain feasibility, while political distrust and gentrification risks threaten legitimacy and inclusivity. Renewal is therefore not merely a technical process but a contested socio-legal undertaking that demands careful balancing of rights, interests, and values.

Objective 2: Readiness of Institutions and Communities for the URA

The second objective was to examine the extent to which Penang’s institutions and communities are prepared for the implementation of the URA. The findings reveal three major themes: (i) institutional readiness, (ii) gaps in procedural frameworks, and (iii) community readiness. Collectively, these themes show that while administrative preparedness exists at the institutional level, critical weaknesses in inter-agency coordination, procedural clarity, and community acceptance pose significant risks to implementation.

Theme 1: Institutional Readiness

Respondents acknowledged that Penang’s planning institutions such as Majlis Bandaraya Pulau Pinang (MBPP) and PLANMalaysia@Pulau Pinang possess technical expertise and administrative structures to support renewal. However, this readiness was described as fragmented rather than integrated:

“Institutions are ready in principle, but in practice, coordination is fragmented. Each agency works in silos.” (R2)

Planners agreed that without stronger coordination mechanisms across departments and levels of government, institutional readiness for implementing the URA will remain limited.

Theme 2: Framework Gaps

Another key finding was the absence of clear procedural frameworks to operationalise the URA. Respondents stressed that while the Act provides broad principles, it does not yet specify detailed procedures, creating risks of inconsistent interpretation across states:

“The Bill gives broad ideas, but the procedures are unclear. Without step-by-step rules, every local authority will interpret it differently.” (R1)

Planners were concerned that this ambiguity could lead to inconsistent implementation between states and local authorities, undermining legal certainty and complicating decision-making. They stressed that unless detailed guidelines and enforcement mechanisms support the URA, institutional readiness will remain superficial, and renewal will continue to face procedural bottlenecks.

Theme 3: Community Readiness

The most significant gap lies in community awareness and trust. Respondents consistently reported that residents have a limited understanding of urban renewal, often associating it with displacement and demolition:

“Most residents don’t know what renewal actually means. They are easily influenced by rumours and prefer to resist.” (R4)

Fear of losing homes, livelihoods, and cultural ties contributes to low community readiness. Planners observed that without sustained communication and engagement, public resistance is likely to persist even if institutional mechanisms are improved.

Overall, the findings under Objective 2 suggest that while Penang’s institutions show technical preparedness, weak inter-agency coordination and limited community trust hinder effective implementation of the URA.

Objective 3: Strategies for Strengthening Implementation of the URA

The third objective explored planners’ perspectives on strategies to strengthen readiness for the effective implementation of the URA. The findings indicate that the Act is viewed as a necessary foundation but that complementary measures are required to address existing gaps. Five main strategies were identified: legal and policy harmonisation, clear procedural frameworks, community engagement and education, developer incentives, and social and cultural safeguards.

Theme 1: Legal and Policy Harmonisation

Respondents emphasised the need to align the URA with existing legislation, particularly the Strata Titles Act 1985, to avoid conflicts and legal disputes:

“If the Urban Renewal Bill is not aligned with the Strata Titles Act, we will face legal conflicts.” (R4)

They argued that harmonisation is essential to protect property rights, clarify compensation procedures, and ensure transparency. Without such alignment, the URA risks generating further ambiguity rather than resolving existing uncertainties.

Theme 2: Clear Procedural Frameworks

Respondents consistently highlighted the need for standard operating procedures (SOPs) to ensure consistency across local authorities:

“We need standard operating procedures that are clear, detailed, and consistent across states.” (R1)

Planners proposed that these SOPs should include processes for stakeholder engagement, consent, compensation, relocation, and monitoring, so that all parties understand their roles and rights throughout the renewal process. For Penang, respondents recommended state-wide procedural guidelines supported by monitoring and enforcement mechanisms to minimise ambiguity and ensure equitable application of the URA.

Theme 3: Community Engagement and Education

Continuous engagement was seen as essential to building trust and countering misinformation:

“We need continuous engagement, not just one-off meetings. Trust is built over time, and without education, rumours will dominate.” (R3)

Planners stressed that one-way communication strategies are insufficient. Instead, they called for long-term participatory mechanisms such as town-hall meetings, workshops, and targeted awareness campaigns to ensure residents are informed and have opportunities to voice their concerns and preferences.

Theme 4: Developer Incentives

Respondents highlighted that private sector participation depends on appropriate financial incentives:

“If developers get tax relief, faster approvals, or subsidies, they will be more willing to take the risk.” (R5)

They proposed measures such as tax relief, expedited approvals, targeted subsidies, and soft loans. Without such mechanisms, developers are likely to favour more lucrative greenfield projects over complex renewal schemes. Addressing financial feasibility therefore emerges as a central pillar of readiness for the URA.

Theme 5: Social and Cultural Safeguards

Respondents strongly emphasised that renewal should protect, rather than displace, local communities and cultural heritage:

“These assessments must be compulsory. Renewal should not destroy communities or erase heritage. It must protect people first.” (R6)

They proposed making Social Impact Assessments (SIA) and Cultural Impact Assessments (CIA) mandatory components of renewal projects, particularly in heritage areas such as George Town. This was seen as crucial for ensuring that redevelopment respects existing communities and maintains Penang’s cultural identity.

In summary, the findings demonstrate that challenges, readiness, and strategies for the URA are deeply interconnected. Legal, financial, and institutional issues shape what is administratively possible, while trust, awareness, and social safeguards determine whether renewal will be accepted by communities on the ground.

DISCUSSION

This discussion interprets the findings through *Institutional Readiness Theory* (Weiner, 2009) and related frameworks of urban governance, institutional change, and participatory planning. As the URA has not yet been gazetted, the discussion examines anticipated readiness rather than post-implementation outcomes. The findings reveal that while Malaysian planners express strong conceptual support for the URA, institutional, procedural, and social preconditions for effective enforcement remain weak.

Weiner (2009) defines readiness for change as a combination of change commitment and change efficacy. In Malaysia, planners demonstrate a strong commitment to the URA’s aims of unifying fragmented legislation and modernising governance. However, efficacy remains low because administrative structures and enforcement mechanisms are not yet formalised. This suggests readiness exists at a rhetorical level but not yet at an operational one. This reflects Vangen et al. (2015) argument that hierarchical governance systems struggle to achieve cross-agency collaboration. In Penang, local authorities exhibit policy enthusiasm but lack the necessary procedural instruments, indicating a gap between their beliefs and capacity.

The introduction of the URA aims to integrate these fragmented legal instruments into a cohesive and operational framework that promotes coordinated, inclusive, and sustainable urban development. Conceptually, the URA functions as an enabling legislation that consolidates the planning authority of the Town and Country Planning Act 1976, the administrative mandates of the Local Government Act 1976, and the ownership mechanisms of the Strata Titles Act 1985 within a single governance architecture. By establishing joint executive committees at the federal and state levels, the Act aims to institutionalise vertical

coordination between ministries, state authorities, and local governments addressing the long-standing governance gap in inter-agency decision-making. In doing so, it introduces procedural mechanisms such as consent thresholds, negotiated compensation, and phased redevelopment strategies that balance the rights of property owners with collective urban interests. More importantly, the URA marks a paradigm shift from a regulatory system centred on control and compliance to one oriented towards regeneration, adaptability, and stakeholder collaboration, reflecting Malaysia's transition toward a more integrative model of urban governance. Such inertia limits innovation and prevents institutions from developing the procedural agility required once the URA becomes law. In effect, the readiness gap is not only procedural, but also behavioural, as institutions are waiting for legal certainty before acting, instead of using the interim period to build capacity and pilot coordinated approaches to renewal.

The persistent fear of eviction and displacement among communities reflects low psychological readiness for change. According to Weiner (2009), efficacy depends not only on institutional capacity but also on shared confidence in the reform's fairness. In Penang, communities often equate "renewal" with loss rather than improvement, revealing a gap between policy communication and public understanding. Despite planners' intentions to promote inclusive development, participation remains largely procedural, limited to brief consultations rather than sustained dialogue. Without institutionalised channels for continuous engagement, such as community liaison units or mandated social impact assessments, public resistance will likely persist. Strengthening participatory readiness, therefore, requires rebuilding trust through transparency, early involvement, and clear assurance that renewal will protect, not displace, existing communities.

Readiness also depends on financial capacity. Planners' calls for tax relief, subsidies, and joint-venture mechanisms underscore the importance of fiscal instruments in fostering institutional confidence. Patterson and Huitema (2018) argue that policy innovation succeeds when legal, financial, and social systems align. Currently, financial uncertainty constrains institutional readiness and deters private investment, suggesting that reform must extend beyond legislation to include sustainable funding models.

Penang's heritage status adds another layer of complexity to its readiness for renewal. Planners are expected to reconcile the preservation of George Town's cultural fabric with pressures for redevelopment and modern infrastructure. While the proposed URA is anticipated to provide a legal framework, its absence has left planners dependent on non-statutory instruments such as the *Garis Panduan Pembaharuan Semula Bandar* and local heritage bylaws, which have limited enforcement strength. This uncertainty discourages proactive planning and creates tension between conservation and redevelopment priorities. Embedding Social and Cultural Impact Assessments within the URA

would enable a more balanced approach, ensuring that renewal supports heritage protection, community continuity, and long-term urban resilience in Penang.

Policy Implications

The findings demonstrate that institutional and community readiness for the URA cannot be achieved solely through legislation. Effective implementation will depend on proactive coordination, capacity-building, and trust-building efforts led by the MHLG, PLANMalaysia, and local authorities before the Act is gazetted.

At the national level, MHLG must act as the central coordinating body to align federal, state, and local responsibilities. Without such a framework, policy intentions risk fragmentation once the URA comes into force. A national coordination mechanism would help ensure that renewal operates under consistent principles and avoids the procedural confusion that currently characterises redevelopment under separate laws. Critically, MHLG should view readiness not as mere administrative compliance, but as an institutional transformation that requires inter-agency collaboration, clear accountability, and long-term monitoring.

PLANMalaysia, as the technical lead agency, has a pivotal role in translating legislative intent into operational clarity. It should develop detailed implementation guidelines and readiness assessment tools that bridge legal concepts with day-to-day planning practice. This includes standard procedures for consent, compensation, and community engagement, ensuring that local authorities can apply the URA uniformly across different contexts. Strengthening technical guidance will reduce dependency on fragmented state interpretations and promote procedural confidence among practitioners.

For local authorities, especially those managing heritage environments such as Penang's George Town, readiness requires striking a balance between urban growth and cultural continuity. Councils like MBPP must establish renewal units capable of coordinating planning, land, and heritage functions within one governance structure. They should also institutionalise ongoing community engagement rather than treating participation as a one-off requirement. This approach will address local distrust and ensure that renewal decisions are both socially legitimate and technically sound.

Financial readiness remains an underlying condition for success. Incentives such as tax relief, soft loans, and risk-sharing partnerships should be developed jointly by MHLG and PLANMalaysia to encourage private-sector participation. Without these instruments, urban renewal may remain conceptually desirable but practically unviable. At the same time, embedding SIA and CIA within renewal processes will ensure that economic viability does not come at the expense of social equity and heritage values.

In essence, the policy implications underscore that readiness is a process of governance reform, not merely a matter of policy preparation. By coordinating institutional roles, clarifying procedures, and fostering public legitimacy before the URA is enacted, Malaysia can transform a legislative aspiration into a credible framework for inclusive and sustainable urban regeneration.

CONCLUSION

Malaysia remains in the pre-gazettement phase of the URA, offering a crucial window to strengthen readiness before formal implementation. The findings indicate that, while there is a strong normative commitment to the URA's objectives, operational efficacy remains limited by fragmented governance, procedural ambiguity, and low community trust. In Penang, these challenges are compounded by the dual imperatives of heritage conservation and urban development.

The study concludes that readiness must be cultivated ahead of gazettement through practical measures such as pilot projects, inter-agency taskforces, and structured public engagement programmes. Strengthening institutional capacity, procedural clarity, and public confidence at this stage will be crucial to ensure that, once gazetted, the URA can transition from legislative ambition to become an effective tool for equitable and sustainable urban regeneration.

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