Landlords’ Perception on the Introduction of the Residential Tenancy Act (RTA)

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INTRODUCTION

Matching the demand for rental housing among locals and the increasing number of foreign workers/students in the country has caused private house rentals to increase every year.

Currently, in Malaysia, **there is an absence of specific laws governing rental housing.** Instead, it considers as a part of the law contract.

Government is introducing **Residential Tenancy Act** in Malaysia, to be adopted according to suitability from the tenancy act in **New South Wales and Victoria, Australia.**

There are **several other laws** (some of which are old and in need of renewal) that apply to residential rental:

- **National Land Code 1965**
- **Contract Act 1950**
- **Distress Act 1951**
- **Specific Relief Act 1950**
- **Civil Laws Act 1956**
This study analyzes the landlord's perception on the introduction of the Residential Tenancy Act (RTA) in Malaysia as a tool to administer the tenancy process to protect the landlords' and tenants' rights better. The results will reflect percentages of landlords' agreement to introduce RTA, as well as the reasons behind any support and rejection.
OBJECTIVES of the Study

1. To analyse landlords' acceptance or refusal towards the introduction of the Residential Tenancy Act in Gombak District, Selangor

2. To identify the impacts of new proposed act towards landlords

3. To propose appropriate measures and recommendations in response to the findings of the study for better implementation of the Residential Tenancy Act
A landlord is the owner of a house, apartment, condominium, or property which is rented or leased to an individual or business. A landlord is usually related closely to the market, which means renting a house to the tenant; it involves the process of business (Mae, 2008).

Types of Landlords

Private Landlord

Wilson & Flaum (2003) define private landlord as a property owner who chooses to rent out their property themselves. They will not use any letting agent or property management company. Instead, they will manage the housing rental directly (Salt & Miner, 1999).

Sub-Landlord

Person who is being let a residence by a landlord and subsequently sublets it to another tenant. The owner of the house might be staying away from the rented house. Thus, he or she will hire a person to replace them to manage the rented house (Salt & Miner, 1999).
METHODOLOGY of research

Data Collection

Questionnaire Survey

50 Respondents in Gombak District

Section A: Respondents’ Profile
Section B: Landlords’ experiences and perceptions towards renting process
Section C: Landlord’s perceptions towards the implementation of RTA

Data Analysis

Descriptive Analysis

Cross Tabulation:
Display the relationship between variables, which is then supported by chi-square analysis.

Likert Scale:
Measure respondents' perceptions based on four options: strongly agree, agree, strongly disagree, and disagree.
FINDINGS and Analysis

Respondents’ Socio Demographic Profile

Types of Landlords

- Self-Managed: 16%
- Sub-Landlord: 84%

Respondents’ Age

- Age 51-60: 38%
- Age 41-50: 52%
- Age 31-40: 10%

Respondents’ Ethnic

- Malay: 78%
- Chinese: 22%

Household Income

- Below RM4,999: 4%
- RM5,000 to RM6,999: 40%
- More than RM7,000: 58%

- Male: 56%
- Female: 44%
FINDINGS and Analysis

Rental Services

Types of Rental

- House Rental: 66%
- Room Rental: 34%

Rental Housing Characteristics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Component</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Rate</td>
<td>Below RM500</td>
<td>14%</td>
</tr>
<tr>
<td></td>
<td>RM501-RM1,000</td>
<td>58%</td>
</tr>
<tr>
<td></td>
<td>More than RM1,001</td>
<td>28%</td>
</tr>
<tr>
<td>Types of Rental</td>
<td>Per House</td>
<td>66%</td>
</tr>
<tr>
<td></td>
<td>Per Room</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>Per Person</td>
<td>0%</td>
</tr>
<tr>
<td>Characteristics</td>
<td>Fully Furnished</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Partially Furnished</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>Unfurnished</td>
<td>40%</td>
</tr>
</tbody>
</table>
FINDINGS and Analysis

Landlord’s Experiences

Purpose of House Rental
- 8% Inherited Property
- 14% Pension Investment
- 16% Buy-to-Let Investment
- 62% Private/Individual Investment

Method of House Rental
- 0% Poster
- 34% Friends/ Family/ Neighbours
- 66% Property Website

Tenancy Deposit
- 84% 1+1
- 16% 2+1
- 0% 2+1+1
FINDINGS and Analysis

Landlord’s Perception on the Introduction of RTA

- **Acknowledgement on the introduction of RTA**: 66%
  - 30% Disagreed
  - 70% Agreed

- **Agreement on the introduction of RTA**: 70%
  - 30% Disagreed

- **Less Awareness on the Implementation of RTA**: 12%

- **Higher Cost of Implementation**: 12%

- **Lack of Knowledge about RTA**: 72%

Terms to be included in RTA

- **Deposit term payment**: 58%
  - (including the types of deposit to be paid by the tenant and the landlord’s return of the deposit to the tenant)
  - 12% Disagree

- **Amount of rent to be paid by tenant**: 56%

- **Moving out at the end of the rental term**: 54%

Less Significant Terms

- Perception of the details of the council tax, utilities, and other charges for services included in the rent: 58% Disagree
### FINDINGS and Analysis

**Significant Relationship Between Landlords' Refusal towards the Introduction of the Residential Tenancy Act and the Refusal Factors**

<table>
<thead>
<tr>
<th>% of Landlords Requiring the RTA</th>
</tr>
</thead>
<tbody>
<tr>
<td>12% Require</td>
</tr>
<tr>
<td>88% Did not Require</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Refusal Factors</th>
<th>Yes</th>
<th>Unit</th>
<th>%</th>
<th>No</th>
<th>Unit</th>
<th>%</th>
<th>Total</th>
<th>Unit</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Cost of Implementation</td>
<td>6</td>
<td>12.0</td>
<td></td>
<td>2</td>
<td>4.0</td>
<td></td>
<td>8</td>
<td>12.0</td>
<td></td>
</tr>
<tr>
<td>Lack of Knowledge regarding the Residential Tenancy Act</td>
<td>0</td>
<td>0.0</td>
<td>36</td>
<td>72.0</td>
<td>12.0</td>
<td>44</td>
<td>88.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of Awareness on the implementation of RTA</td>
<td>0</td>
<td>0.0</td>
<td>6</td>
<td>12.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cross Tabulation Table of Landlords’ Requiring the Residential Tenancy Act and the Refusal Factors

Source: Questionnaire Survey, 2019
FINDINGS and Analysis

Relationship Between Landlords’ Requiring the Residential Tenancy Act and the Refusal Factors

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymptotic Significance (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>19.431^a</td>
<td>2</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>13.384</td>
<td>2</td>
<td>.001</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>12.374</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>50</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey, 2019

Based on the table above, the result showed that the degree of freedom is 2 with 19.431 calculated chi-square. Meanwhile, the result of Asymptotic Significance is less than 0.05, which is 0.000. Therefore, both of the variables are significantly related. In conclusion, the result infers that respondents did not require the implementation of RTA on them due to the lack of knowledge regarding RTA.
**CONCLUSION**

**Experience in Managing Rental Houses**
- **84%** Managed Rented Houses on their own
- **56%** Male
- The majority of the respondents were renting their houses for more than 5 years.

**Landlords’ Perception of the Introduction of the Residential Tenancy Act**
- **66%** Awareness on the introduction of RTA
- **70%** Agreement on the introduction of RTA
- **30%** Disagreed
- **12%** Require
- **88%** Did not Require

Respondents believed, the more extended period they have contributed to the housing rental sector, the lesser they require the act. They prefer to solve the issues regarding the housing rental process outside the control of the act.
RECOMMENDATIONS

More proactive approaches and housing strategies need to be executed for a better living environment

Mariana, Muhammad Adib, Syakir Amir, & Mansor (2018)

Updating the terminology used in the Residential Tenancy Act

The findings have presented three chosen terms by the landlords, which are payment of deposit by the tenant, amount of rent, and the termination of rental

Setting up a minimum standard on rental properties

Includes setting up a clear objective on the introduction of the RTA, creating a systematic database to collect the landlords’ and tenants’ data, and providing a standard regulation for landlords to manage their rental properties precisely on the matters of the rental rate to avoid rent arrears
REFERENCES


Thank You
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