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The Private Residential Leases Act

The Act will come into force as from 1ˢᵗ January 2020. Contracts can be registered at **https://rentregistration.mt.**

Who does it apply to?
Tenants and landlords

Who does it NOT apply to?
- Tenements belonging to the Government of Malta
- Tourism rentals*
- Properties not rented for primary residential purposes
- Tenements let before 1st June 1995

Guest houses or dormitories are not considered residences for this Act.

A tourist is defined as a person traveling to and staying in a place outside his usual environment for not more than 1 year for leisure, business, or other personal purposes other than by taking up employment or to establish a business.

Power and water services

The landlord must ensure an adequate supply of water and electricity. The landlord must also acknowledge the number of persons residing in the rental property in order to calculate the correct tariff for utility services, and to grant the tenant access to the utility account details. Expenses incurred by the tenant caused by the landlord's failure to maintain his obligations shall be recoverable through retaining part of the rent due.

Non-payment of water and electricity bills during the lease can be considered partial default and entitles the landlord to demand dissolution of the contract. However the tenant shall not be bound to pay the utility services until he is provided with a copy of the bill.

Rent

The landlord cannot require the advance payment of more than 1 month's rent, unless otherwise agreed by both parties. The landlord must provide a receipt for the payment. Rent increases can only take place once per year, and the rent cannot be revised during the term of the lease.

Yearly rent increases must not exceed the annual variation recorded in the Property Price Index published by the National Statistics Office, and this is limited to a maximum increase of 5% over the previous rent. A negative annual variation will not result in a reduced rent.

Enforcement

The Authority has the right to enter a property to inspect or determine whether it is occupied. This action requires a warrant and 24 hour notice.

What is occupation without title?
Occupation without title is the case where there is no valid contract or when a valid contract has not been registered. In such a case, an enforcement notice will be issued.

Enforcement can include:
- Requiring the landlord to conform to the obligations as set down in the Act,
- Requiring the landlord to register the property,
- Setting the rent at 75% of the rental value for 1 year

If a landlord is served with an enforcement notice and fails to comply, then the Board can enforce a contract where rent is set at 75% of market value for 3 years. The Board can demand compensation for the tenant without title. A penalty fine of between €2500-€10,000 can be applied.

Claims relative to registered contracts shall be heard by the Adjudicating Panel.

Short private residential leases

What is a short private residential lease?
A short private residential lease has a 6 month duration, and covers the needs of these tenants:

- Non-resident workers employed for less than 6 months
- Non-resident students, attending courses for less than 6 months
- Residents who need an alternative primary residence for less than 6 months
- Non-residents who need a rental home for less than 6 months and do not intend to stay in Malta for the long term

The rental contract must specify which category the tenant falls under, and demonstrate through documentation. Short private residential leases may not be extended. The tenant of a short private residential lease may not withdraw from the lease before 1 month has passed. After this time, the tenant may withdraw giving 1 week's notice through registered letter.

Long private residential leases

What is a long private residential lease?

A long private residential lease lasts a minimum of one year.

The Authority has the power to introduce and enforce minimum standards of habitability for rental properties.

Registration of lease contracts

All long private residential lease contracts entered into after 1st January 2020 must be registered. This must be done by the landlord within 10 days of the commencement of the lease. Registration is subject to a fee, and an additional fee will apply to late registrations. The tenant has the right to register the lease contract if the landlord fails to do so, and at the landlord's expense. If not registered, the contract is void. One registration per lease contract and one contract per registration. This applies to new and previously existing contracts. Agreements entered into before 1st January 2020 and which will still be in force beyond 1st January 2021 have to be registered by 1st January 2021. Renewals of previous contracts must also to be registered.

What must be included in the lease contract?

- The address of the rental property
- The agreed use
- The duration of the lease
- Whether the lease can be extended and in what way
- The amount of the rent and how it will be paid
- The amount held by landlord as a deposit
- Inventory

The contract must contain all of the above points, or else it is considered invalid.The Authority can also ask the lessor to specify the number of occupants for statistical purposes.

The following conditions cannot be included in a lease contract:

- Clauses providing for the automatic termination of the contract other than the non-fulfilment of the tenant's obligations
- Clauses which allow the landlord to reduce any benefits
- Clauses which excuse the landlord from responsibilities which he is bound to perform by law
- Clauses which impose payment of additional fees (other than rent, deposit, insurance, condominium expenses)
- Clauses which impose fees for the use of movables beyond rent payment
- Clauses which impose a fixed fee for water, power, or any other utility if this amount does not reflect the actual consumption calculated at a rate reflecting the primary residential use of the tenement
- Clauses which limit the use one can make of the residence

How is a long private residential lease terminated by a landlord?

In order to terminate a long private residential lease upon expiration of its term, a landlord must give notice by registered letter 3 months in advance.

The lease will be automatically renewed if it is not officially terminated. (This does not apply to short private residential leases of shared spaces.)

How is a long private residential lease terminated by a tenant?

The tenant may not withdraw from a long private residential lease before:

- 6 months, when the lease period is less than 2 years
- 9 months, when the lease period is between 2-3 years
- 12 months, when the lease period is for 3 years or more

If the tenant withdraws before the stipulated amount of time, then the landlord can retain one month's rent as security. The tenant still has the right to demand termination if the landlord doesnt fulfil his obligations.

Once the initial periods have passed, the tenant can withdraw from the lease through a registered letter at any time within the following notice periods:

- At least 1 month month before, when the lease period is less than 2 years
- Atleast 2 month month before, when the lease period is between 2-3 years
- At least 3 months before, when the lease period is for 3 years or more

Lease of a shared residential space (flatshare)

A contract for the lease of a shared residential space will have the duration of 6 months. This lease cannot be renewed. A tenant can withdraw from this kind of lease by giving 1 week's notice through a registered letter. The Authority has the power to introduce and enforce safety standards, including rules limiting the number of persons that can occupy such a tenement at one time.

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For further information please contact

Dhalia Real Estate Services
Letting Branch
168, The Strand, Gzira GZR 1024

Tel. +356 31671312 | Email: gzr@dhalia.com | **www.dhalia.com**