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By means of this scheme, the Housing Authority is receiving offers from owners of vacant residential property to lease it to the Housing Authority for the scope of social housing accommodation.

1. Purpose of scheme

The purpose of this scheme is that of encouraging private owners of vacant and finished residential property with one, two or three bedrooms to enter into a lease agreement with the Housing Authority for a period of ten (10) years. The Authority will also consider properties in shell form or on plan on condition that these properties already have a development permit and are finished as stipulated in clause 5.3.

The Housing Authority will in turn sublet these properties to persons who are eligible for social accommodation, and will be fully responsible for collecting rents and the contributions for the maintenance of the common parts from the sub-lessees. The Housing Authority will be fully responsible to ensure that sub-lessees fully comply with rent conditions imposed by the Authority.

2. Eligibility

Any owner of vacant residential property in a finished state or shell form is eligible to apply under this scheme. Also eligible are properties which are being offered on plan and which already have a development permit. Properties in shell form and on plan will be handed to the Authority in a finished state. Preference will be given to properties served with lift. A property shall be considered acceptable without a lift only if it does not exceed the second floor. For any floors above the second, a lift must be provided.

In the case of a property on which a promise of sale has been signed, an application may be submitted by the prospective owners.

3. Conditions

The Housing Authority will consider applications that conform with the following conditions:

- 3.1 The applicant is legally authorised to rent the property to the Authority. In addition, there should not be any pending litigations in regard to this property and same property is not subject to sale by auction (*subbasta*).

In the case of a property on which a promise of sale has been made, an availability agreement is signed with the prospective owners. It is the duty of the applicant to ensure that the contract of sale is signed during the period of the availability agreement. The lease is signed only after the applicant has acquired the property.

- 3.2 The property is finished to a good standard and fit for habitation by the date of the rental agreement without the need for any additional expenses by the Authority;
- 3.3 Preference will be given to properties served with lift. A property shall be considered acceptable without a lift only if it does not exceed the second floor. For any floors above the second, a lift must be provided;
- 3.4 The property is built in accordance with the planning permits, sanitary and building regulations;
- 3.5 The utility services meters should be installed by the applicants in the properties prior to the signing of the lease agreement with the Housing Authority. Sub meters for utility services will not be accepted;
- 3.6 Premises with a total area less than 38m² will not be accepted.
- 3.7 The applicant binds himself to observe the rent regulations as set out in the Civil Code, Cap. 16;
- 3.8 The applicant is to form part of the condominium in accordance with the Condominium Act, Cap. 398, where applicable, which condominium will be responsible for the maintenance of the common parts and lift where applicable. The contribution of the common parts due for each apartment leased to the Authority will be paid directly by the Authority to the applicant. This maintenance fee will be capped by the Authority depending on the number of units within the block which amount will be directly deposited in the applicant's bank as mentioned in clause 4.2 together with the amount of rent due to applicant. For the following years, a revision of the maintenance fee is to take place at the rate of 2% per annum. The applicant is to remain responsible for the residents' association and related obligations as per clause 3.17;
- 3.9 The applicant leases the property to the Housing Authority for ten (10) years;
- 3.10 The applicant authorises the Housing Authority to sublet the property to third parties for residential purposes at its absolute discretion. The Authority will have exclusive rights to collect the rent due by her prospective tenants. In return, the applicants will authorise the Housing Authority to transfer the bills of both water and electricity services onto the prospective tenants.
- 3.11 At the termination of the lease, the Authority binds itself to return the property to the applicants in a good state of repair after taking into consideration the wear and tear;
- 3.12 The applicant must insure against all risks, including third party risks, the block/property including the common parts, being offered to the Authority under this scheme. In addition, they also bind themselves to submit to the Authority, on a yearly basis, a copy of the said policy. If the applicants fail to insure or pay the insurance, the Authority will have the right to pay for such policy and deducts rent payable to applicant with the amount of insurance paid. A letter will be then sent by the Authority to the applicant to inform him of the above.
- 3.13 Prior to the lease agreement the property must be in a fully finished state. Finished state includes plastering, rendering and painting of all walls and ceilings, complete plumbing (hot & cold) system including water tank, complete electricity system

including consumer unit, complete drainage system, floor tiling works, main door, apertures and internal doors, letter box, intercom, fully equipped bathroom and kitchen as per clause 3.14. The external envelope of the property must be fully finished and water tight;

- 3.14 A fitted kitchen should be installed including appliances consisting of a fridge/freezer, a hood, hob and oven in very good condition. Gas powered appliances are only accepted if the layout of the location allows the gas cylinder to be placed in an open space. The kitchen should be equipped with top and bottom cupboards, worktop, table and chairs. The kitchen must be of adequate size for the family's needs.
- 3.15 The common parts of block of apartments should be fully finished including lift where possible, intercom system, meter cupboards, electricity system, stair railing and letter boxes;
- 3.16 The applicant is responsible for all extraordinary repairs and maintenance of the property including, but not only, structural repairs, ordinary maintenance of the external envelope, any faults related to the plumbing, electricity and drainage system. In addition the applicant is also responsible to reinstate any damages caused by lack of proper maintenance described above;
- 3.17 The applicant is also responsible for all ordinary and extraordinary repairs and maintenance of the common parts of a block of apartments, which include:-
- structural repairs;
 - maintenance of the external envelope;
 - roof maintenance;
 - faults in electricity system in the common parts and intercom;
 - where a lift is installed, its maintenance agreement, certification of engineer, lift rescue service line charges and extraordinary and non scheduled repairs;
 - regular decoration works;
 - payments of the electricity and meter charges of the common parts;

In case the applicant, during the duration of the lease, will have to carry out repairs as indicated above in clauses 3.16 and 3.17, the same applicant will be obliged to provide an alternative accommodation to the tenants of the Housing Authority for the duration of the repairs.

On the other hand, the prospective tenants of the Authority will be responsible for the repairs and ordinary maintenance of the property leased to them.

- 3.18 The Authority retains the right to carry out those repairs which are the responsibility of the applicant if the applicant fails to carry out these works himself. These works can be carried out by the Housing Authority or by someone delegated by the Authority and the cost of the repairs will be deducted from the rent due to the applicant. The applicant will be informed of the above, in writing by the Authority. This clause will only be applicable where the applicant is responsible for the ordinary and extraordinary repairs and maintenance of the common parts of the block.
- 3.19 The Housing Authority is responsible for the payment of all utilities bills including, water, electricity and telephone services. On the date of the signing of the rental agreement, the applicant binds himself to settle all pending bills covering both the consumption and the rental of all utility meters. In addition, the applicant is obliged

to present evidence showing that all bills are settled. The utility bills are to be transferred onto the Housing Authority by the applicant within seven days from the date of the rental agreement and the same applicant is to furnish the Authority with the necessary documents to effect the transfer.

- 3.20 During the rental period, the applicant binds himself to inform the Authority in case he intends to transfer the property to third parties. In the case where the property is transferred to third parties during the rental period, the applicant is obliged to inform the prospective buyers that the property is subject to a rental agreement together with the terms and conditions regulating same rental. In addition, the applicant is to attach the rental agreement entered into between himself and the Authority to the deed of sale of same property.
- 3.21 The applicants reserve the right to inspect the immovable property offered for rent under this scheme, in which case, he obliges himself to inform the Authority at least a week before the inspection and also carries out the inspection if he is accompanied by an official of the Authority.

4 Commitments of the Housing Authority

The Housing Authority commits itself to:

- 4.1 Ensure that at the expiry of the lease agreement, the property is returned to the applicant in a good state of repair taking into consideration wear & tear;
- 4.2 Pay the rent to the applicant every six months in advance by means of a direct credit in the applicant's bank account;
- 4.3 Ensure that the contribution to help the owner pay the costs related to the common parts are paid;
- 4.4 Ensure that the rent of the property rented under this scheme as well as the contribution to common parts increase at a flat rate of two per cent (2) per annum.
- 4.5 Ensure use of the property as ordinary residence for social accommodation purposes;
- 4.6 Ensure that the tax due by the successful applicant on the rental income of the property rented to the Authority under this scheme, will be paid by the Authority.

5 Method of selection of property and value of Rent

- 5.1 The property offered will be inspected by an official delegated by the Housing Authority to determine whether the property is adequate and in line with the needs of the same Authority and habitable under the law.
- 5.1 Where the property or block of flats indicated in the application submitted under this scheme are still in shell form or on plan, an availability agreement between the Housing Authority and the applicant will be signed where the Authority binds itself to rent the property once all finishes are completed. The Authority reserves the right to carry out a final inspection when the property is completed with all the finishes and shall also have the right not to accept the property even where modifications would have been made, (even if such modifications would have been ordered by the Authority) where the quality of the finishes are not acceptable to the Authority. Applicants must oblige themselves to finish the property from everything, at the

absolute discretion of the Authority, and not beyond the time of two years from the date of the signing of the availability agreement.

5.3 The below is a non exhaustive list of criteria which will be taken into consideration during the assessment of each property offer and also in order to establish the value of the rent;

- (a) Layout;
- (b) Physical condition;
- (c) Quality of finishes;
- (d) Compliance with conditions 3.1 to 3.18 and 6.1 to 6.9;
- (e) The location of the property;
- (f) The property's accessibility.

When the Housing Authority determines that the requested rent exceeds the Authority's rent valuation, it reserves the right to call for a downward revision of the requested rent in writing.

6 Documents to be provided

The following documents for each property offered should be provided both in hard copy and on CD:-

- 6.1 The application form duly filled in which the particulars of the applicant and of the property being offered;
- 6.2 A site plan, scale 1:2500 clearly indicating the location of the property together with approved drawings scale 1:100 including the size of the property in meter squared. Drawings should include a scale bar or room dimensions, and preferably be submitted in ACAD or PDF format;
- 6.3 Photographs of property, including two of the façade, and at least one photo of each room (does not apply for properties offered on plan);
- 6.4 Copy of the building permit;
- 6.5 Copy of the contract/s under which the applicant acquired the property;
- 6.6 Power of Attorney or other document authorising applicant on behalf of owner/s, to submit offer and abide by conditions of schemes. This is applicable when property is owned by more than one person or by a company;
- 6.7 A declaration from the applicant that the property is being offered to be rented to the Housing Authority for a period of ten (10) years uninterruptedly and without hindrance, and that the applicant is authorising the Housing Authority to sublet the property to third parties at its absolute discretion;
- 6.8 Details of the Condominium Administrator (where applicable);
- 6.9 In the case of property being offered on plan, a declaration by applicant indicating the date of completion of property to a finished state and a further declaration by same applicant indicating that, in case the date is not honoured, the Authority can retrieve from its obligations by a letter sent to same applicant.

The following additional documents should be provided by the applicants once the application is approved:-

- (a) A copy of insurance policy covering the block/property and common parts against all risks;
- (b) The Energy Performance Certificate (Asset Rating) of the property;
- (c) Copy of recent utilities bills including water and electricity issued by ARMS Ltd;
- (d) The necessary lift certificates required by law, where applicable;
- (e) A Compliance Certificate for those properties which were built after the year 2000 and an inspection by an architect or competent official of the Housing Authority for those properties which were built before the year 2000.
- (f) A notary's declaration indicating that the applicant is the owner of the property offered or that he is in the process of purchasing the property offered since a promise of sale has been signed;
- (g) In case that the property was built before the year 2000, a statement from an electrician indicating that the lighting system complies with the law;
- (h) Copy of Identity Card from both sides of the person on whom the utilities bills are on.

The Housing Authority reserves the right to request additional documents necessary, at any stage during the process of the application, which documents are to be submitted to the Authority within a reasonable period of time as indicated by the Authority.

7. Termination of Lease Agreement

The lease agreement between the Authority and the applicants may be terminated in case where any of the conditions of the scheme or the rental agreement are breached by the applicant as well as in the eventuality that the applicant fail to observe to his obligations. In addition where the Housing Authority decides not to terminate the lease agreement, the Authority will have the right to impose a penalty up to a maximum of €20 per day until the applicants regularise themselves with the conditions of both the scheme and rental agreement.

8. Right of refusal

The Housing Authority reserves the right to refuse any application, even the most advantageous, and its decision will be final.

9. Duration of Scheme

This Scheme shall remain in force at the discretion of the Authority unless a notice is published in the Government Gazette indicating that the scheme has been withdrawn.

10. Amendments to the Scheme

The Authority shall have the right to make any amendments to this Scheme by publication of the said amendments in the Government Gazette. Such amendments may be made applicable retroactively. No amendments shall subject the Authority to an action for damages or any other legal action.

The Authority also reserves the right and this at its absolute discretion, to change or include other obligations or conditions of the scheme and rental agreements, which conditions or obligations are not mentioned in the scheme.

11. Interpretation

In case the Maltese text differs from the English text, the Maltese text will prevail. In cases where the conditions of this scheme are different in interpretation from the conditions indicated in the rental agreement, the interpretation or condition which is most favourable to the Authority or which is chosen by the Authority is to be applied.