



Scheme for the Rehabilitation of Vacant Dwellings for Rent

1. Purpose of the Scheme

The Rehabilitation of Vacant Dwellings for Rental Scheme is an initiative intended to encourage private owners to invest in the rehabilitation of unoccupied, substandard residential dwellings and lease them to the Authority to accommodate social housing applicants.

The Authority is offering a one time grant to owners of vacant residential dwellings. Once the dwelling house is rendered up to standard and suitable for occupation, it is then leased to the Authority for a period of ten years. The Authority will in turn sublet the dwelling house to persons/families who are eligible for social accommodation, and will be fully responsible for collecting rents from the sub lessees. The Authority will be fully responsible to ensure that sub-lessees will fully comply with rent conditions imposed by the Authority. The owner will receive the pre agreed lease payment from the Authority on a six monthly basis.

2. Definition

In this Scheme, unless the context otherwise requires:-

“applicant” means a person who applies for the rehabilitation cash grant on private dwellings which will be then leased to the Authority under this Scheme. When the application is made by two or more persons jointly, the application shall include all applicants and applicants will oblige themselves to adhere to their obligations *in solidum*;

“the Authority”, means the Housing Authority established by section 3 of the Housing Authority Act, 1976, (cap 261);

“dwelling house” means a building or part of a building constructed or adapted for occupation as a separate dwelling and excludes houses owned or leased by the Government, the Housing Authority, the Joint Office any parastatal body or local authority;

“owner” includes a physical and moral person who has the property or perpetual emphyteusis;

“Government” means the Government of Malta;

“prescribed” means prescribed by the Authority;

3. Applications to benefit under this Scheme

- (a) Any person eligible to benefit under this Scheme may submit an application on the prescribed form to the Authority requesting financial assistance from the Authority to rehabilitate the said vacant

private dwelling house which is thereafter to be leased to the Authority for a period of ten (10) years uninterrupted and without hindrance.

(b) The benefit available under this Scheme shall consist of a cash grant up to a maximum of twenty five thousand Euros (€40,000).

4. Eligibility to apply under this Scheme

(a) The dwelling house has been vacant for at least one (1) year before the date of submission of application under this scheme. The owners will be required to provide evidence that this dwelling house has been vacant for this period on submission of application.

(b) The dwelling house must be considered by the Authority as being suitable and according to the Authority's requirements for social accommodation and this in the absolute discretion of the Authority and subject to the needs of the same Authority who will have the right refuse any property being offered under this scheme.

(c) The dwelling house, which is to be rehabilitated and leased to the Authority, has been built for at least 30 years from the date of submission of application under this scheme.

(d) The applicant must be:-

- (i) a Maltese citizen;
- (ii) at least eighteen years of age on the date of submission of application;
- (iii) the absolute owner of the dwelling house offered to the Authority;
- (iv) legally authorised to rent the dwelling house to the Authority.

(e) If the applicant is not separated, the application to benefit under this Scheme must be made by both spouses jointly.

5. The Rehabilitation Grant

(a) The rehabilitation grant of a maximum of €40,000 may be granted only for the purpose of assisting the applicant in carrying out the rehabilitation of the dwelling in order to render it up to standard for residential purposes and for works related to:-

- i) extraordinary structural repairs;
- ii) alteration / extension works necessary to render the dwelling suitable for accommodation;
- iii) repairs / replacement of electricity, plumbing and drainage systems;
- iv) improvement / replacement or installation of bath/shower room;
- v) repairs / replacement of floor tiles;
- vi) repairs / replacement of external apertures and balconies;
- vii) repairs / replacement of internal doors;
- viii) water proofing to the roofs;
- ix) appropriate improvements and damp proofing works as permanent solutions to eliminate problems of rising damp;

- x) restoration of facades;
- xi) other finishing works required to render premises up to standard and suitable for accommodation;
- xii) professional fees – (these will only be granted if a Planning Authority permit is required).

(b) The rehabilitation works involved must be considered as viable at the absolute discretion of the Authority. The works approved by the Authority shall be completed within twelve months (12) from the date of approval authorising the rehabilitation grant and the grant paid under the provisions of this Article shall be payable by the Authority only after the Authority has ascertained that the works have been carried out in full and as approved by the Authority, against fiscal receipts in the name of the applicant and after compliance with all conditions prevailing by or under this Scheme. The period of twelve (12) months may be extended by the Authority at its sole discretion,

(c) The rehabilitation grant approved under this Scheme shall not exceed the total reasonable costs of the works to be carried out as approved by the Authority, and in each case shall not exceed the sum of €25,000;

(d) The applicant shall allow the Authority or its representatives to inspect the dwelling house to be rehabilitated at any time as required;

(e) The rehabilitation grant shall only be awarded by the Authority for works which are approved and confirmed in writing to be satisfactorily completed by the Authority. The grant will not be awarded for works which are carried out prior to inspection of the premises by the Authority or by its appointed representative and/or if all permits required by law are not obtained;

(f) The Authority is entitled to register in its favour a Special Privilege and/or Special Hypothec and/or General Hypothec according to law for a period of ten (10) years covering the rehabilitation grant given under this scheme, without prejudice to other rights at law and this to guarantee the refund of the rehabilitation grant in the event that the applicant fails to conform with any one or all conditions stipulated in the scheme.

6. Disqualification

A person shall not qualify to submit an application under this Scheme if:-

- (a) the Authority does not consider that the dwelling house can be rendered up to standard and according to the Authority's requirements for social accommodation and this at the absolute discretion of the Authority;
- (b) the dwelling house is in a slum area which is earmarked for demolition;
- (c) the applicant is not the absolute owner of the dwelling house;
- (d) the dwelling house is not built in accordance with the planning permits, sanitary and building regulations.

7. Method of application

A person eligible to apply under this Scheme shall submit an application in the prescribed form for assistance and shall deliver same personally to the Authority during office hours.

8. Administrative Charge and Abandoned Applications

- (a) Each application for rehabilitation grant under this Scheme shall be lodged personally by the applicant with the Authority and application shall not be accepted unless accompanied by the sum of fifty Euro (€50) together with all requested documents attached to application. The sum will not be refunded under any circumstance.
- (b) Where any applicant under the scheme fails to appear on the deed of grant and/or lease agreement when called upon to do so by the Authority, his application shall be deemed to have been abandoned and the administrative charges mentioned in paragraph (a) of this article shall not be recoverable by the applicant.
- (c) Saving the provisions of immediately preceding paragraphs of this Article, any expenses incurred by the applicants in connection with their application shall not be recoverable by the applicants whether or not their application is successful.

9. Conditions for the Scheme

- (a) The dwelling house which qualifies for the rehabilitation grant under this Scheme shall be leased to the Authority for a period of ten (10) years uninterruptedly and without hindrance, and the applicant has to authorize the Authority to sublet the dwelling house to third parties at its absolute discretion;
- (b) 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 who will be then responsible for the payment of these utilities meters together with their consumption;
- (c) The maximum grant under this scheme is €40,000;
- (d) The rent payable will be considered according to the size, location, and layout of the dwelling house together with the amount of grant approved. The rents will be increased by 2% every year. The rent paid to the applicant is determined according to the Housing Authority's rates, with only 25% of the grant being deducted from rental payments over the 10-year period, allowing the remaining 75% to be retained as part of the grant.
- (e) The applicant must be legally authorised to rent the dwelling house to the Authority. In addition, the applicant should declare that there are no pending litigations in regard to this property and same property is not subject to sale by auction (subbasta);
- (f) The applicant binds himself to observe the rent regulations as set out in the Civil Code, Cap. 16;

- (g) 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. The complete bathroom which should be in a very good condition, should include a shower/bath, a sink, W.C, water heater and other accessories. In the event that, during the lease the fridge freezer, the hood, the oven, the hob and the water heater need to be replaced, the Authority will have the right to replace them without the need to inform the applicant. The Housing Authority and the applicant understand that the above appliances are not to be returned to the applicant on termination of the lease or after the ten (10) year period whichever comes first.
- (h) 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.
- (i) In case of block of apartments, 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;
- (j) 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;
- (k) Once the works under this scheme are carried out the applicant is responsible for all extraordinary repairs and maintenance of the dwelling house including, but not only, the 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;
- (l) The applicant is to provide a compliance certificate for utility services application when requested for it by the Authority. The applicant is also to provide the necessary lift certificates, where applicable together with an Energy Performance Certificate (EPC);
- (m) In case of an apartment in a block, the applicant is to form part of the condominium in accordance with the Condominium Act, Cap. 398 of the Laws of Malta, 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 9 (r) together with the amount of rent due to applicant. For the following

years, an upward 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 (m) below;

(n) 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 consumption and meter charges of the common parts;

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.

(o) 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 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;

(p) The Housing Authority is responsible for the payment of all utilities bills including, water, electricity and telephone services during the lease period. 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, which evidence is to be attached to the rental agreement. 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;

(q) 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;

(r) 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 forty eight hours before the inspection and also carries out the inspection if he is accompanied by an official of the Authority;

(s) The Authority commits itself to:

- Ensure that at the expiry of the lease agreement, the dwelling house is returned to the applicant in a good state of repair taking into consideration wear & tear during the ten years of lease;
- Pay the rent to the applicant every six months in advance by means of a direct credit in the applicant's bank account;
- Ensure an annual rent increase of a fixed rate of 2% per annum on the rent of dwelling house offered under this scheme;
- Ensure use of the dwelling house as ordinary residence for social accommodation purposes;
- Ensure that the successful applicant will pay tax due on rental income on the dwelling house rented under this scheme at the rate of 5%;
- Ensure that the maintenance fees of the common parts administered by the applicant are paid regularly by the Authority directly to the applicant. This maintenance fee will be capped by the Authority depending on the number of units within the block. For the following years, a revision of the maintenance fee is to take place at the rate of 2% per annum.

10. 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 fails to observe to his obligations. In addition, where the 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.

The full grant received under this scheme has to be refunded to the Authority if the applicant decides to terminate the lease for any circumstance.

11. Penalty for False Declaration

If at any time it results that applicants have made a false declaration or given incorrect information/documents for the purposes of any application made under this Scheme, without prejudice to any penalty for which they may have become liable under any other law, the applicants shall be liable to the payment to the Authority of a fine equivalent to the sum total of any subsidy from which applicants have benefited under the provisions of the Scheme. They will also be disqualified for a period of five (5) years from benefiting from any scheme made with the approval of the Minister responsible for Housing, and shall forfeit the right to any subsidy under this Scheme.

This incorrect or false declaration or this submission of incorrect or false documents may also lead to the commencement of criminal procedures

12. Right of Refusal

Notwithstanding anything contained in the foregoing provisions of this Scheme, the Authority shall have the right, at its absolute discretion, to refuse any application and its decision will be final and not subject to scrutiny.

The Authority shall have a right to stop and, or withdraw this scheme and it shall have the right to change its conditions even retrospectively and thus this scheme does not bestow acquired rights. Such change shall not make the Authority subject to any action for damages. An application that has been accepted may be withdrawn and, or refused if the conditions of the scheme are changed after the acceptance of the application.

13. 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 will be also applicable for the rental agreement between the Authority and the applicant. 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.

14. Duration of Scheme

This Scheme shall remain in force for a period of one year from the date of its publication in the Government Gazette, and shall be automatically renewed for further periods of one year each unless a Notice to the contrary is published in the Government Gazette indicating that the scheme has been withdrawn.

15. Interpretation

In case the Maltese text differs from the English text, the Maltese text will prevail.

These conditions should form an integral part of the agreement/rental agreement and in case where the conditions of the agreement/rental agreement are different from the conditions indicated in the scheme, the interpretation or condition which is most favourable to the Authority is to be applied.