

# PRESS RELEASE

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## Chamber welcomes landmark ruling on pre-1995 leases

The Malta Chamber welcomes the recent landmark ruling declaring that the current legal regime which regulates pre-1995 leases, breaches landlords' fundamental rights and is effectively unconstitutional.

The Chamber has raised doubts on the current laws in the past, even suggesting that they are in breach of the fundamental human right to own and enjoy private property. In the current situation, property owners are often stuck leasing out their property for cheeky amounts which were determined decades ago, having also to foot the bill for maintenance costs out of pocket which often runs into the thousands. This situation is made more unacceptable when thanks to the current system, property leases are inherited by the subsequent generations, prolonging the unjust situation further.

The Malta Chamber has been voicing its position in this sense for many years, most recently in January 2019, upon discussing the subject at length in the context of the white paper 'Renting as a Housing Alternative'.

In its recommendations, the Chamber said "measures that ensure fair market rental value to Landlords of pre-June 1995 Leased Properties, such as equitable means testing mechanisms would ensure that social justice is achieved with the landlord, while also potentially increasing the supply of affordable accommodation. Numerous tenants may be artificially holding on to properties leased under pre-June 1995 lease agreement conditions due to the insignificant annual cost. If the annual cost does not remain insignificant, such tenants would likely terminate the lease agreement, hence allowing the landlord to place the property on the PRS (Private Rental Sector)."

Calling for the introduction of a reliable and functioning Market Value Property Index, the Chamber said that such a tool would be a fundamental cornerstone for the scientific determination of fair market (rental) value of property in Malta.

"This would serve as a guide on the real and fair value of property depending on size, location and amenities. Both tenants and landlords will benefit from an element of reassurance through such an essential market tool, particularly in an economy that remains highly dependent on the property market" the Chamber said in its document.

The Chamber reiterates its agreement with the ruling, and calls on Government to speedily introduce all the necessary means to address this situation of injustice.

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