

Romania: New legal provisions for housing

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Private investors shall receive 30% of the rents on ANL houses

The private investors who will participate in building housing in public-private partnership with the National Housing Agency (ANL) will get 30% of the rents paid by the tenants, according to a Government Emergency Ordinance, recently published in the Official Journal.

The Emergency Ordinance modifies the Law 152/1999 on organisation and functioning of National Housing Agency and provides that sums paid for renting the ANL houses shall be distributed in quota of 50% as revenue to the State budget, 20% to ANL and 30% to the private investor. As well as the Emergency Ordinance explicitly stipulates that after the initial rent contract expiration (5 years), the tenants who are over 35 years of age shall benefit from a contract prolongation of 1 year with rent recalculation.

The rent shall cover the cost of management, maintenance and repair, taxes on building and land, investment recuperation, depending on the standardized duration and a profit subject of negotiations between parties.

This Emergency Ordinance allows ANL to construct houses for rent, by attracting private capital, including by leasing of public works. Thus, the State will be able to face the high demand of houses for rent that exists at national level, given the fact that the public funds are insufficiently, and also to develop the housing stock for rent belonging to the State public property. The lands allocated for these housing construction belong to the State or administrative-territorial units' public property and they will be transferred to ANL for free use during the entire duration of constructions realised within this programme.

This programme can include the unfinished constructions, being in different execution stages, in order to insert them in the public circuit. This program implementation and development shall be realised by concluding contracts for public works leasing.

Thus, ANL is responsible for carrying out all phases of public tender procedures and attribution of lease contract, the duration of such contract being generally about 20 years. The contract for public works leasing provides that the funding of the investment is ensured by the private investors. The private investors shall receive for the houses construction a quota of the rents and periodically unit payments to be reimbursed by ANL from the State budget.

The houses shall be exploited by economic agents, according to the leasing contracts. The distribution of houses shall be carried out at local level, the rent contracts being concluded by ANL. The beneficiaries have to cumulatively fulfil several conditions and hierarchy criteria of requests are the same that are currently used by ANL in the Programme for Building Houses for Youth.

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