

# New tenancy law framed, rental housing set to grow

**MODEL LAW** Rent authority, special courts to greatly help ease housing problem

**Moushumi Das Gupta**

moushumi.gupta@hindustantimes.com

**NEW DELHI:** Landlords need no longer fear squatting tenants and those living in rented accommodation should not be constantly afraid of untimely eviction as interests of both parties will be safeguarded in a bold tenancy law drafted by the Union government.

The housing and urban poverty alleviation ministry has readied the draft of the Model Tenancy Bill, 2015, doing away with some archaic rules that govern this sector. The draft will soon go to the cabinet for its approval.

It proposes an independent authority for registration of all tenancy agreements and a separate court for resolving disputes, a major problem in a country where thousands of rent-related litigations are pending in courts.

Realty experts said the move would encourage rental housing, a

**WHAT IT MEANS** The Model Tenancy Act, 2015 is expected to be sent for cabinet approval shortly

**FOR TENANTS**

- Rent ceiling to be fixed, agreement to spell out annual increase
- No arbitrary eviction as agreement will mention rent period
- Can claim rent reduction in case of deterioration of services
- Security deposit won't exceed three times the monthly rent

**FOR LANDLORDS**

- Rent ceiling, fixed by states, to be linked to inflation
- Tenancy to cease immediately on death of tenant
- Can terminate tenancy for non-payment of rent or misuse of property after giving a month's notice

key component of the NDA government's flagship scheme — housing for all by 2022 — likely to come up for cabinet approval on Wednesday.

"This will unlock a huge amount of rental stock into the market as more property owners will be encouraged to rent houses. Currently, not many property owners rent out properties and primarily fall back on property

appreciation because the rental yield is very low (about 1-2%) and there is always the fear of the tenant not moving out after the lease has expired," said Anshuman Magazine, chairman and MD of CBRE South Asia Pvt Ltd.

The proposed legislation has been given the "model" tag to let states have the option of adapting or rejecting it because

land is a state subject.

"Currently, almost all states have their own rent laws. But many of them have become archaic and failed to serve their purpose. The opaqueness has not only made renting out properties a tricky affair for landlords but taking a house on rent has become a nightmarish experience too. Many tenants are forced to cough up arbitrary rent hikes or face eviction," said an official.

Legal experts welcomed the draft law, too. "This is a good legislation that seeks to set up a special court to address tenant and landlord-related cases. The present statutes do not provide any protection to the landlord in terms of compensation if the tenant does not vacate the premises in time," said Sunil Tyagi, senior partner, ZEUS Law, a corporate-commercial law firm.

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The law will allow landlords to charge rents — to be decided by respective state governments — on a par with market rates. States would also have the power to put a cap on rent rates to check arbitrary hikes.

The move will bring relief to landlords of old properties in many cities, including Delhi, saddled with tenants who have been paying rents fixed over six decades ago.

There are safeguards for tenants as well. They won't have to live in the fear of getting evicted at

the whims of the landlord.

"All tenancies entered into after the commencement of the act shall be for a period as agreed between the landlord and the tenant and as specified in the tenancy agreement," the draft law states.

It says that no one can let out or take on rent a property without entering into a written agreement, registered with the rent authority. Besides, all disputes will be heard at rent courts that states will have to set up. Civil courts will no longer hear such cases, as is the case now.

**WITH INPUTS FROM VANDANA RAMNANI**