

Proclamation No. 1320/2016

Residential House Rent Control and Administration Proclamation

Recognizing that residential house rent prices have been continuously rising and creating significant pressure on citizens' livelihoods;

Recognizing that housing supply is a fundamental right, and the government is making efforts to meet housing needs; alongside these efforts, the uncontrolled rise in house rent prices needs to be regulated to align with the financial capacity of the society and to ensure fairness;

Recognizing the necessity of properly controlling and administering house rent prices to protect tenants from exploitation and to maintain a balance of interests and fundamental rights of landlords and tenants;

Recognizing the necessity of having a legal framework that allows for transparency, accountability, and the balancing of landlords' and tenants' interests and fundamental rights;

Now, therefore, it is hereby proclaimed pursuant to Article 55(1) of the Constitution of the Federal Democratic Republic of Ethiopia.

Part One

General Provisions

1. Short Title

This Proclamation may be cited as the **"Residential House Rent Control and Administration Proclamation No. 1320/2016."**

2. Definitions

Unless the context otherwise requires, in this Proclamation:

1. **"Residential House Rent"** means a contractual relationship where a tenant uses one or more rooms in a house for residential purposes and pays the landlord for the service provided.
2. **"Newly Built Residential House"** means a house constructed with a construction permit from the relevant authority and offered for rent for the first time.
3. **"Previously Unoccupied Residential House"** means a house that has been constructed and not previously rented out or used for other services and is now being offered for rent for the first time.

4. **"Unutilized Residential House"** means a house that has been fully constructed but not put into service or previously rented out and is not being used by the owner or anyone else.
5. **"City"** means any area designated as a city by the relevant authority or entity established by law.
6. **"Region"** means any region referred to in Article 47 of the Constitution of the Federal Democratic Republic of Ethiopia, including the city administrations of Addis Ababa and Dire Dawa.
7. **"Ministry"** means the Ministry of Urban and Infrastructure Development.
8. **"Regulatory Body"** means the entity designated by the region to oversee residential house rent contracts and prices.
9. Any reference to the male gender shall also include the female gender.

3. Scope of Application

This Proclamation shall be applicable to the control and administration of residential house rent in all regions, specifically in the cities of Addis Ababa and Dire Dawa.

Notwithstanding sub-article (1) of this article, the Proclamation shall also apply to other cities as deemed necessary by the respective regional authorities, considering the specific local conditions.

Notwithstanding sub-article (1) of this article, this Proclamation shall not be applicable to hotels, resorts, guest houses, and other houses rented out under a commercial license.

Part Two

Concerning Residential Rental Agreements and Pricing

4. Residential Rental Agreement and Registration

1. Any residential rental agreement must be made in writing and must be certified and registered by the regulatory authority.
2. The regulatory authority, based on subsection (1) of this article, shall work in collaboration with the authority empowered to certify and register documents within the region.
3. Subsection (1) of this article shall also apply to any renewal of a residential rental agreement between the landlord and tenant.
4. Within 30 days from the date a residential rental agreement is concluded, the landlord and tenant or their agents must submit the agreement for certification and registration as per subsection (1) of this article.

5. Any residential rental agreement that is not certified and registered as per this article shall be considered invalid.
6. A financial penalty shall be imposed on a landlord or tenant who fails to meet the certification and registration requirement of a residential rental agreement as per the directive issued by the regulatory authority. However, the financial penalty shall not exceed the equivalent of three months' rent for an unregistered agreement.

5. Preparation of Residential Rental Agreement Template

1. The regulatory authority shall prepare a model residential rental agreement and make it accessible to the public through the institution's website and other means.
2. The regulatory authority, based on this regulation, may establish the necessary criteria and contents required to complete a residential rental agreement model that does not comply with the residential rental agreement requirements.

6. Duration of Residential Rental Agreement

1. In accordance with the provisions of Articles 15 and 16 of this regulation, the duration of a residential rental agreement shall not be less than two years.
2. Despite the provision in subsection (1) of this article, the duration of a residential rental agreement made in writing before the issuance of this regulation shall be as specified in the agreement.
3. In cases where the ownership of a house is transferred to another party through inheritance, sale, debt, or any other legal reason, the residential rental agreement may only be terminated by providing a six-month notice to the tenant starting from the time the house is transferred.
4. Despite the provision in subsection (3) of this article, if the house is transferred as a gift, the tenant has the right to stay in the rented house until the end of the rental agreement period. The recipient of the house as a gift shall assume the rights and obligations of the previous landlord based on the rental agreement.
5. Despite the provision in subsection (3) of this article, if the new house owner is willing, the tenant can continue to rent the house as per the existing rental agreement.
6. Based on subsection (3) of this article, if the residential rental agreement is terminated and the house is rented to another tenant, the rent price shall be as specified in the terminated agreement according to the rent price ceiling set by this regulation.
7. The tenant cannot be evicted from the house or subjected to rent increases outside the permissible conditions stipulated in this regulation before the end of the rental agreement period.

7. Existing Residential Lease

1. Any written residential rental contract made before the issuance of this proclamation must be verified and registered within 30 days of the appointment of a supervisory body as per this proclamation, unless terminated by mutual agreement of the landlord and tenant.
2. The verification and registration period mentioned in paragraph (1) of this article may be extended up to three months as necessary by the regulatory body.

8. Residential Rental Pricing

1. The rental price specified in the registered rental contract shall be deemed the rental price of the property.
2. Subject to paragraph (1) of this article, any rent increase by the landlord based on the rental revision determined by the regulatory body under this proclamation shall constitute part of the rental price stipulated in the lease agreement.
3. When renewing or entering into a new residential lease, the rental price outlined in paragraphs (1) and (2) of this article shall serve as the starting point for adjusting rent for existing or new tenants.
4. A landlord may increase the rent of a property leased to existing or new tenants based on a rent increase determined annually by the regulatory body, taking into account prevailing economic conditions and other relevant factors.
5. The rent increase under paragraph 4 of this article shall be announced to the public by the regulatory body on June 1 and shall remain effective for one year starting from June 30.
6. If a landlord increases the rent on an ongoing lease based on the rental price revision determined by the supervisory body under this article, the landlord must notify both the tenant and the supervisory body in writing of the revised rent based on the previous price.
7. According to this proclamation, if a residential property for which a lease has been registered remains unrented for various reasons, the rental price shall be the same as if the property had been continuously rented out.
8. If the rental contract for a residential property terminated two years prior to the effective date of this proclamation, the rental price shall be determined by mutual agreement of the landlord and tenant.
9. If a residential property, whose lease has terminated up to two years before the effective date of this proclamation, is offered for rent thereafter, the rent may be increased according to this proclamation to the price at which it was last rented.

10. If a landlord leaves a previously rented residential property or a newly constructed house unoccupied for more than six months, the rent that would have been paid if the property had been rented out shall be calculated and paid.

9. Lease Contract for Renting a New Residential House

1. When renting a newly constructed house or a house offered for rent for the first time, the rental price shall be determined by mutual agreement of the landlord and tenant.
2. The provisions of paragraph (1) of this article shall remain effective until a system for the valuation of real estate is established by regulation issued by the Council of Ministers.

10. Incentives Granted to Property Owners

1. A landlord who constructs a new residential house and offers it for rent shall be exempt from the rent ceiling obligations imposed under this proclamation for a period of four years from the date of registration of the first rental agreement.
2. If a landlord offers an existing residential house that has never been rented out for rent, they shall be exempt from the rent ceiling obligations imposed under this proclamation for two years from the date of signing the first rental agreement.
3. The provisions of paragraphs (1) and (2) of this article regarding rent registration and other obligations stipulated in this proclamation shall apply.
4. In cases where a residential house remains unrented, whether vacant or otherwise, for commercial or residential purposes, or fails to provide services of comparable social benefit, urban administrations facing severe housing shortages may establish guidelines imposing an additional payment of 25% of the property tax rate on such houses.
5. Sub-paragraph (4) of this article shall not apply to the division of houses located within the same premises or covered by the same certificate of ownership.

11. Renewal of Residential Lease

1. Any residential lease may be renewed upon the expiration of the lease term by written agreement of the landlord and tenant.
2. Pursuant to this article, during the renewal of the lease contract, any rent increase by the landlord shall not exceed the limit specified in article 8 (4) of this proclamation.

12. Prepayment

When entering into any residential lease contract, the landlord may request from the tenant an advance payment not exceeding two months' rent for the house.

13. Housing Rent Payment System

1. All housing rent payments shall be made exclusively through a bank or other legally recognized electronic methods.
2. Landlords and tenants are required to organize and retain rent payment documentation as specified in this article, in addition to the residential lease agreement registered in accordance with Article 4 of this proclamation.

14. Admissible Evidence

In connection with any regulatory activities conducted by the supervisory body, in addition to the residential rental contract registered under this proclamation, housing rental payment documents executed under this proclamation may also be required.

Part 3

Termination of Residential Lease

15. Termination of Residential Lease by Agreement or Notice

Any residential rental contract may be terminated before the end of the rental period with the agreement of the landlord and the tenant, by providing a two-month advance notice when the tenant wishes to vacate the premises, or by issuing a warning in accordance with Article 6 (3) of this proclamation.

16. Termination of Residential Lease Without Notice

1. A residential rental contract may be terminated by the landlord without prior notice before the end of the lease term under the following circumstances:
 - a) If fifteen days have elapsed since the initial rent payment period stipulated in the contract;
 - b) If the rent is seven days overdue from the specified date in the contract, subject to the provisions of subparagraph (a) of this subsection;
 - c) If the house is used for non-residential or business purposes without the landlord's permission;
 - d) If the tenant repeatedly disturbs the peace and tranquility of the area;
 - e) If the tenant commits a crime in the house or uses the house to commit a crime;
 - f) If the tenant deliberately or negligently causes significant damage to the house;
 - or
 - g) For any similar reason.
2. For the purposes of this article, "significant damage" refers to any condition that clearly reduces or jeopardizes the safety and value of the house beyond normal wear and tear.

17. Effect of Termination of Residential Lease

1. According to Article 16 of this proclamation, termination of the residential lease contract results in the house being vacated, except in cases where rent can be increased under this proclamation. Existing rental rates cannot be increased during the lease term.
2. If the landlord violates the provisions of subparagraph (1) of this article by increasing the rent, in addition to any fines imposed according to guidelines issued by the regulatory body, upon application by a new tenant, the lease may revert to the previous rental rate.

Part Four

Power and duty

18. Powers and Duties

Powers and Duties of the Ministry

The Ministry shall have the following powers and responsibilities:

1. Monitor the uniform implementation of this proclamation and coordinate with regional authorities.
2. Provide support and supervision to regional and municipal administrations to establish a national housing rental system.
3. Conduct studies to establish a regulated housing rental system nationwide and develop policy proposals.
4. Gather information related to housing rentals, analyze data, and devise strategies to make them accessible to the public.
5. Collaborate with regions to research and design methods for assessing housing rental prices.

19. Powers and Functions of the Regulatory Body

A state-appointed regulatory body shall have the following powers and functions:

1. Issue housing rental guidelines consistent with the local conditions outlined in this proclamation.
2. Prepare a standardized residential rental contract in accordance with this proclamation.
3. Register residential rental contracts executed under this proclamation.
4. Oversee the implementation of this proclamation and regulations issued pursuant to it.
5. Develop a modern rental system supported by information technology and monitor its implementation.

6. Collect and analyze information on regional housing rents, make it accessible to the public, and report findings to the Ministry.
7. Maintain records of landlord-tenant agreements and rental prices.
8. Issue penalty decisions and enforce penalties following investigations into alleged violations of this proclamation.
9. Perform other functions necessary to ensure the legal integrity of housing rental practices.

Part Five

Reporting of Violations and Complaint Procedure

20. Reporting Violations of the Proclamation

1. Any party who believes there is a violation of this proclamation's provisions may submit a written report to the supervisory body, accompanied by supporting evidence, within 30 working days of discovering the violation.
2. The regulatory body shall issue detailed instructions regarding the types of reports that may be submitted and the procedures for initiating investigations on its own initiative, as well as imposing administrative penalties.
3. Administrative fines imposed to address violations of this proclamation and subsequent laws shall not exceed three months' rent of the house, except in cases involving criminal liability.
4. A person who wishes to contest an administrative penalty imposed under paragraph (3) may file a complaint with the complaint hearing committee established under article 24 of this proclamation within thirty days of receiving the decision copy.
5. Enforcement of penalties shall not proceed without a final decision on the petition for review of the decision.
6. Provisions of the Administrative Procedure Law applicable to administrative decisions under this proclamation shall apply as relevant to matters not explicitly covered herein.

21. Tenant-Landlord Dispute

1. Either landlord or tenant may submit any dispute regarding the implementation of this proclamation to the supervisory body in writing.
2. Any application submitted under subsection (1) of this article must include: A. Lease agreement registered according to article 4 of this proclamation. B. Bank or other electronic payment documents. C. Any other documents required by the regulatory body.

22. Complaint Filing Procedure

1. A complaint must be submitted in writing to the supervisory body detailing the nature of the complaint, supported by relevant evidence, within 30 working days of the incident's discovery.
2. The regulatory body will provide clear guidelines on the types of complaints accepted and the investigative procedures it will undertake, including the imposition of administrative penalties.
3. The maximum administrative fine for violations of this proclamation and related laws cannot exceed three months' rent of the property, unless criminal liability is involved.
4. Individuals dissatisfied with administrative penalties imposed under paragraph (3) may appeal to the complaint hearing committee established under article 24 of this proclamation within 30 days of receiving the decision.
5. Penalties cannot be enforced until a final decision is reached on the appeal.
6. The provisions of the Administrative Procedure Law that are relevant to administrative decisions under this proclamation shall apply as necessary for matters not explicitly covered here.

22. Application Submission Procedure

1. Pursuant to Article 21(1) of this proclamation, any application regarding a dispute must be submitted in writing to the regulatory body within 30 working days of the incident.
2. The regulatory body shall investigate the complaint and render a decision within 30 working days from the date of submission.

23. Complaint Application

Any party dissatisfied with the decision under Article 22(2) of this Proclamation shall submit a written complaint to the Rent Complaints Committee established under Article 24 of this Proclamation within 15 working days of receiving the decision.

24. Establishment of Rent Complaint Hearing Committees

Depending on the size of the community, scope of complaints, and accessibility for service users, one or more Rent Complaint Hearing Committees may be established.

2. The guidelines issued by the region shall determine the number and operational conditions of the complaint hearing committees required in each city, the ethical standards for committee members, and the number of committee members.

25. Powers and Functions of the Committee

1. The Complaints Committee shall adjudicate appeals against regulatory body decisions concerning tenant-landlord disputes based on investigations into proclamation violations and may fully or partially approve or annul the regulatory body's decision.
2. The committee's decision shall constitute the final administrative decision.
3. The committee shall issue internal procedural guidelines.

26. Appeals

1. Any party whose interests are affected by the committee's decision may appeal to the competent court.
2. The court shall review the appeal under subsection (1) of this article and render a decision within 30 days of receiving the appeal.
3. The court's decision shall be final.

27. Service Charges

1. When a landlord shares a water or electricity meter with a tenant or other tenants, they shall agree on the terms for payment of water or electricity service fees in the lease agreement.
2. If the rented house has its own electricity, water, or telephone meter, the tenant shall bear the cost of water, electricity, or telephone services, unless otherwise agreed upon separately.
3. The payment for security, cleaning, or similar services provided by the tenant shall be stipulated in the residential lease agreement.

28. Administrative Action

Administrative measures and penalties imposed under this proclamation shall be specified by regulations issued by the regulatory body.

29. Authority to Issue Rules and Regulations

1. The Council of Ministers shall issue necessary regulations for the implementation of this proclamation.
2. The regulatory body may issue directives to enforce this proclamation, or regulations issued pursuant to this proclamation.

30. Applicability of Civil Code Provisions

The provisions of the Civil Code pertaining to contracts in general and rental agreements shall apply to matters not covered by this proclamation.

31. Inapplicable Laws

Any law or custom conflicting with this proclamation shall not apply.

32. Duration of Proclamation

This proclamation shall take effect from the date of its approval by the House of Representatives.

Addis Ababa, April 5, 2024

Sahlework Zewde

President of the Federal Democratic Republic of Ethiopia