

Leasing Real Estate to Public Entities: A Legal Nightmare for Most Property Owners

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Leasehold continues to be among the main sources of legal disputes in Syria, especially with properties leased to the public sector and political bodies.

The issue has returned to the fore as the expiration date approaches for an extension system for real estate rented by public institutions. Expiration is on January 1, 2021, provided no new extension is issued, as is usually the case.

The extension system involves lengthening the rental period listed in the contract, regardless of the lessor's desires. The first mention of such extensions appears in Syria's oldest leasing law, Decree No. 111 of 1952. Extension of the rental period usually comes at the expense of the lessor's rights, in contradiction with the fundamental principle of law that "agreements must be kept," as delineated in Article 148 of the Syrian Civil Code.

The public sector bodies in question include the National Progressive Front and Baath Party, as well as municipalities, government departments, public and joint sector institutions, popular organisations, unions, charities, educational institutions and schools. Thousands of real estate properties are estimated to be leased to such bodies, and are mostly located in important parts of Damascus, as well as city and town centres elsewhere in Syria. Their owners consider the properties to be "dead properties" which they cannot dispose of. These properties were leased out at various points in time, especially in the period following the Baath Party's ascension to power in the 1963 coup. Leases then increased in the early 1970s, as the Baath Party and allied National Front parties—as well as popular organisations and other public institutions—set up a rising number of headquarters.

Tenancy Law No. 20 of 2015, set January 2018 as the expiry date for lease extensions for public bodies and institutions. However, two years later, Law No. 42 of 2017 was issued to extend the expiry date for another three years, set to end in 2021.

Article 12 of Law No. 20 explicitly states that educational institutions and schools leased to government ministries are exempted from the expiry, unless the concerned ministry decides that the property is no longer needed.

Law No. 20 followed in the footsteps of Law No. 10 of 2006, which was issued to amend Tenancy Law No. 6 for 2001 by subjecting any new leasing of real estate to public institutions to the will of the contractors. However, this amendment does not apply to any properties leased before the implementation of Law No. 10 of 2006, which remain subject to the provisions of the extension.

Law No. 20 stipulates that if the extension ends, then the property owners may request an end to the rental relationship, as well as recovery of the property in exchange for compensation to the lessee, in an amount equivalent to 40 percent of the current property's value.

However, the law listed 20 specific cases where the judiciary must be consulted in instances of eviction, and under complex and intertwined conditions. In these cases, even if the landlord wanted lessees to vacate the property, the court would not even hear the case until one year after the lessee was first notified of the eviction request.

Likewise, Law No. 20 allowed public bodies and institutions to tighten the screws on lessors, even in

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cases where lessors had obtained an official eviction decree. Article 15 of the law punishes anyone who evicts official bodies from their property, and does not occupy the property or start construction on it within three months from the date of eviction, or does not occupy the property continuously for at least two years. In addition to imprisonment and fines, the law obliges the landlord to compensate the tenants in these cases.

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