

MEMORANDUM FOR CABINET BY THE
MINISTER OF WORKS & HOUSING

Decontrol of premises rented at £45 and
over per annum.

It is felt that, 17 years after the cessation of hostilities, positive steps should be taken by Government to allow the rent policies of the Island to find their natural level in accordance with the laws of supply and demand. The housing situation is not as acute as it was a few years ago, although it still exists to a lesser degree, and it is felt that the stage has been reached where the relaxation of controls would be conducive to a further easement of the situation. There is hardly any need of labouring the point that the price of every service and commodity has increased immeasurably since pre-war days and the existing restrictions pegging rents of pre-war dwellings to the 1939 level, besides being extremely anomalous, have had very serious effects in that they have deterred owners from carrying out necessary maintenance works. Although the housing stock continually on the increase through new constructions, a very considerable part of this favourable balance is lost through dilapidation of old houses whose owners, very often, prefer to give up the property which yields them nothing more than a few pounds per annum, rather than undertake the costly repairs and maintenance works which continued tenancy involves.

It is an indisputable fact that the local population has accustomed itself to the idea that the availability of adequate accommodation is a God-given right for which one should pay as little as possible. The right to the provision of the required accommodation is not denied, indeed it should be the aim of every Government to see that it is ensured, but, on the other hand, every citizen must be made to realize that the provision of a roof over his head can only be had at a fair price which is by no means the case in Malta to-day. The average Maltese workman does not pay more than 5 - 6% of his earnings on rent whereas a figure of 14 - 16% is not uncommon in other European countries.

It is admitted that it would be neither possible nor politic to regularise the whole situation overnight by scrapping all legislation dealing with rent control, but it is becoming increasingly necessary that a start be made, especially in the case of dwellings in the higher rent bracket where the number of units affected would be relatively smaller and where the tenants concerned belong to the higher income groups of the population, and therefore not likely to be subjected to any real hardship.

Except in the case of long lease concessions, no agreements are being entered into between owners and tenants, to regulate their respective rights and duties, in the case of normal tenancies. Security of tenancy is a thing of the past and it is only guaranteed by the provisions of the Rent Regulation Act as is the renewal of the lease from one rental period to the next.

The housing situation at the moment is such as to exclude the possibility of any appreciable number of tenements finding themselves on the "furnished" market, although it is suggested that decontrol should become effective either at the termination of the current lease or upon the conclusion of a new lease agreement between the occupying tenant and the owner.

It is now nearly three years since the promulgation of the Decontrol Ordinance and it can safely be said that this ordinance has provided a measure of freedom from restriction

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especially in the case of new buildings. No information has been received that exorbitant rents are being charged for new buildings and, indeed, such practices are more frequent in the case of the long-lease of 'old' buildings where old rents are multiplied and the payment of key money, sometimes up to a few hundred pounds, is insisted upon.

According to the 1957 census of Population, Housing and Employment, there is a total of 50,160 households living in unfurnished premises, of which 2,128 are rented at over £45 per annum. On the other hand, there is a total of very nearly 20,000 dwellings which are owner occupied and, perhaps, it may be assumed that the ratio of owner-occupation is higher in the costlier rent brackets than it is at the other end of the scale. Any decontrol legislation in respect of dwellings rented at £45 and over would not therefore, affect more than 3% to 4% of Maltese population and the figure is probably even lower on account of the fact that a good number of the dwellings falling within this rent bracket must be subject to a long lease agreement and, therefore, not liable to any changes in rent as a result of the promulgation of a Decontrol Ordinance. Furthermore, a considerable proportion of the 2,128 dwellings rented at £45 and over must be made up of post war construction, the rental value of which is proportionately higher than that obtaining for similar accommodation of pre-war vintage. Any increases therefore, in the rents of the dwellings in the former category as a result of Decontrol are bound to be less pronounced than in the case of dwellings of pre-1939 construction.

It is presumed that Government would also wish that any dwellings falling within the provisions of any eventual Decontrol legislation should also be outside the present Requisitioning Power. In this regard, it is not felt that this curtailment of the Requisitioning power should unduly inconvenience the Housing Department in providing accommodation for its registered cases. By far, the great majority of these cases are made up of Government Evictees and T.B. cases whose rent potential is usually much too low to warrant the need of requisitioning premises in the £45 plus rent bracket. The only cases whose premises in the Higher rental bracket may be required by the Housing Department, are those that concern the accommodation of Government Officials, mainly District Medical Officers. In this regard it is felt that the Housing situation is no longer so acute as to warrant the enforcement of Requisition Orders on private property for the accommodation of Government Officials and there is no reason why such officials should not make their own housing arrangements. It may be opportune here to recommend that the transfer of officials required to reside in the district in which they work should not be lightly resorted to and that such transfers should be limited to the strictest exigencies of the Service.

It is finally opined that the introduction of Rent Decontrol on a gradual basis, would not cause any undue hardship to the average member of the community although there is no doubt that there would be a tendency for rents to go up. On the other hand, rents have been pegged at much too low and uneconomic a level for over two decades and it is felt that the time has now arrived to make a start with the eradication of this emergency measure. A gradual and reasonable increase in pre-war rents cannot be considered as a completely bad thing and, in fact, it will go a long way towards ensuring the proper preservation of private property, the neglect of which has already caused the expenditure of public funds in the accommodation of "danger" cases. Indeed, the situation may get out of hand unless positive and adequate steps are taken to liberalise the present laws on Rents and

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housing and to regularise the situation in the interests of fairness to all concerned.

Ministers are therefore asked to agree that the liberalisations under the Rent Decontrol Ordinance 1959 be made applicable to premises whose rental on the day of the publication of the draft amendment to the Ordinance is at £45 or over per annum.

12th January, 1963.

L-Arkivji Nazzjonali ta' Malta