

## **THE DRAFT LANDLORD AND TENANT BILL 2016**

Uganda has a housing deficit of approximately 1.7 million housing units. It is reported that Kampala alone has a housing deficit of 550,000 units.<sup>1</sup> It is with the private sector that the country places its hope to bridge this deficit. However, a draft Landlord and Tenant Bill (the “**draft Bill**”) currently doing the rounds can only have a dampening effect on the private sector efforts to bridge the deficit.

The draft Bill seeks to regulate the relationship between a landlord and a tenant and seeks to repeal the Distress for Rent (Bailiffs) Act (Cap 76) and the Rent Restriction Act (Cap 231).

### **Key Highlights**

1. Rent is to be charged and paid in shillings unless otherwise provided under any law. Considering that the Bank of Uganda Act (Cap 51) permits transactions to be in other currencies other than the Uganda Shilling, this provision is rendered meaningless. But the ominous intentions of the draftsman are apparent and there is time for better drafting.
2. The draft Bill seeks to cap rental increases to a rate of six percent (6%) annually or such other percentage as may be prescribed by the Minister and rent shall not be increased within the first twelve (12) months of the tenancy.
3. Rent payable in advance is restricted to three (3) months unless a tenant opts otherwise.
4. The draft Bill seeks to abolish the remedy of distress for rent. If a tenant fails to pay rent and is in arrears, a landlord is prohibited from locking the premises and must apply to court to recover the rent.
5. A landlord will be required to pay for all initial installations costs and charges of electricity, water, gas or oil supply and all utility charges that are not separately metered.

### **Outlook**

While a case can be made for consumer protection, there is a limit on how far the law can intervene in a market place. The draft Bill interferes with freedom of contract between parties and in many places owing to the loosely worded

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<sup>1</sup> <http://hofinet.org/countries/description.aspx?regionID=8&id=171>

provisions, the intentions of the draft Bill will come to naught in the face of market forces.

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