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TENLAW: Tenancy Law and Housing Policy in Multi-level Europe

National Report for

CYPRUS

Author: Thomas Konistis

Team Leader: Elena Bargelli

National Supervisor: Tatiani-Eleni Synodinou

Peer reviewers: Tommi Ralli, Patrick Galea, Tiit Tammaru, Ángel Belzunegui.

National Report for Cyprus

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1. Housing situation

1.1. General Features

The historical evolution of the Cypriot housing policy is inextricably linked to the varying sovereign powers that ruled in Cyprus over the years. Therefore, firstly it should be mentioned, that Cyprus was a British colony from 1914 until 1960, when Cyprus was finally declared independent. However, in 1974 Turkey invaded¹ and occupied 37% of Cypriot national territory, while approximately 200,000 Greek Cypriots were obliged to move to the 'free' part of the country.

In the first years following the declaration of independence of the Republic of Cyprus, housing was mainly a private or family matter. Governmental policy in this field was restricted to the construction of a small number of low quality dwellings for low income households. In 1972, the Cypriot Government, in cooperation with the United Nations Organization, began to adopt a more substantial housing policy, which consisted in increasing annual construction of dwellings for low income families as well as in making it easier for medium income families to acquire land.

However, the incidents of 1974 signaled a dramatic increase in the population's housing needs, to which the government had to provide immediate solutions. One third of the Cypriot population was violently expatriated to the southern parts of Cyprus. Most were temporarily housed in unfinished dwellings. Cypriot government reacted by setting up the Care and Restitution Service, assigned with designing and implementing the national housing policy in order to satisfy the needs of the expatriated population.

The first initiatives were drafted in 1975 with the adoption of the first housing schemes. Said schemes were mainly the Provision of State Land for self-housing schemes, self-housing on owned land, improvement of dwellings situated in abandoned Turkish Cypriot communities and the construction of governmental housing blocks².

1.2. Historical evolution of the national housing situation and housing policy

- Please describe the historic evolution of the national housing situation and housing policies briefly.
 - In particular: Please describe briefly the evolution of the principal types of housing tenures from the 1990s on. Explain the growth and decline of the different tenures and the reasons why that happened (e.g. privatisation or other policies).
 - In particular: What is the role of migration within the country, immigration or emigration from/towards other countries inside and outside the EU (including war migration as in Ex-Yugoslavia)

¹ The Turkish invasion of Cyprus in 1974 has been condemned by the international community. However, due to the political character of the affair, this report does not intend to further analyze or comment on the Cypriot *status quo* that was consequently created. It is duly noted that the present report covers the 'free' part of Cypriot territory, which consists the nation of the Republic of Cyprus and is a Member State of the European Union.

² Most of these housing schemes are still available and will be thoroughly analyzed and explained below under 3.6 'Subsidization'.

Regarding the basic types of tenures of the Cypriot housing system, home ownership and rental tenure were always prevalent. As for their evolution from the 1990s onwards, useful data can be obtained from the results of the national census which was conducted in 1992 and 2001.

Thus, comparing the 2001 census percentage of households in owner occupied dwellings with that of the 1992 census, we see that it increased by 4 % from 64.3 % to 68.4 %. An increase was recorded in all administrative districts³ with the exception of Pafos where the percentage of households in owner-occupied dwellings decreased. The percentage of households in rented dwellings showed a slight increase especially in rural areas for all districts. Ammochostos signaled a more substantial increase from 6.3 % in 1992 to 9.7 % in 2001. In the Pafos district, the percentage of households in rented dwellings in urban areas increased considerably from 19 % to 25.5 %. Regarding the main cause of the increase in the number of households in rented dwellings, this is explained by the fact that the number of foreigners living in the respective areas increased.

1.3. Current situation

- Give an overview of the current situation.
 - In particular: What is the number of dwellings? How many of them are rented vs. owner-occupied? What would be the normal tenure structure (see summary table 1)? What is the most recent year of information on this?

The official Cypriot institution in statistical research and the publishing of official national statistical data is the Statistical Service of Cyprus (in Greek: «Κυπριακή Στατιστική Υπηρεσία») often abbreviated as 'CYSTAT'⁴. CYSTAT, while functioning under the Ministry of Finance, is autonomous in technical matters and is authorised to choose methodology, technique, definitions and procedures used in statistical activities, as well as in publishing the statistical data produced. Since Cyprus entered the European Union in May 2004, an important part of CYSTAT's basic activities include its participation in several committees, working groups and educational programs as well as its collaboration with the European Union Statistical Offices (EUROSTAT).

CYSTAT carries out a population and buildings census every ten years. The last census carried out in Cyprus was in 2011; however, it was not until 16th January 2013 that the final official results regarding the Cypriot population were published. Regarding the buildings and housing results, CYSTAT has already published data concerning the number of dwellings, the type thereof, their geographical location as well as the tenure status. Therefore, all figures reported below come from the recent 2011 national census.

According to the 2011 census results, there was a total of 433,212 houses available for residential purposes, of which 144,556 are located in the administrative district of Nicosia and 114,662 in the administrative district of Limassol. The survey included all dwelling types in Cyprus, both occupied and vacant. The numbers of vacant dwellings covered vacancies for dwellings awaiting sale or rent and demolition, and

³ Cyprus is divided into five administrative districts, namely Nicosia, Limassol, Larnaca, Pafos and Ammochotos. Nicosia is the capital of Cyprus.

⁴ http://www.mof.gov.cy/mof/cystat/statistics.nsf/index_gr/index_gr?OpenDocument

those dwellings used as second or holiday homes. Moreover, the comparison with the 2001 census results, according to which the total of dwellings available for residence amounted to 292,934, show that there has been a significant increase of more than 100,000 dwellings between 2001 and 2011. In addition to this, the amount of dwellings reported as primary residence was 222,293.

Regarding tenure types, the 2001 results show that 152,544 (68.4%) were home owned, whereas 30,965 (13.9%) were rented; 39,058 (17.5 %) houses were occupied in other ways, mainly intermediate types of tenures explained below⁵, whereas 448 (0.2 %) households do not report their type of tenure. The percentage of tenure types did not change dramatically after publication of the 2011 national census results. Therefore, in 2011, 205,370 (68.7 %) of houses were owner occupied, 56,375 (18.8 %) were rented, whereas 34,249 (11.3 %) were occupied under other ways. Finally, 2,299 (1.1 %) households did not report their type of tenure.

The difference between the reported number of dwellings and the types of tenure can be explained by the fact that a number of dwellings are used as secondary or holiday homes. Therefore, as tenure type is established through interview, often those carrying out the census do not find anyone living in a specific dwelling who can give information regarding tenure type, but the dwelling itself is however calculated.

The above statistics show that the most common tenure is home ownership rather than rent.

1.4. Types of housing tenures

- Describe the various types of housing tenures.
 - Home ownership
 - How is the financing for the building of homes typically arranged (e.g. own equity, mortgage based loan, personal loan, mix, other)

At the outset, it should be mentioned that the right of ownership makes part of Cypriot real property law, which belongs to the Romanic civil law tradition. Therefore, home ownership reflects the real property right of ownership (in Greek: «*Ιδιωτική Κυριότητα*», while the term «*ιδιωτική Ιδιοκτησία*» seems to be equally used by Cypriot land law), which is the most complete and powerful real property right⁶. Ownership is regulated by the provisions of Cap. 224 and affords the owner all powers over the immovable property (i.e. use, enjoyment of interest profits, sale), while precluding all third party infringements thereon without the owner's consent.

Regarding the financing of the purchase of owned homes, funding can be obtained in many ways: including personal funds obtained either from the sale of owned land plots, mainly in rural areas, or from inheritance.

A common way of financing the building of condominiums is a mixed type of work contract (in Greek: «*Σύμβαση έργου με αντιπαροχή*»). According to said contract, the

⁵ See below under 'Intermediate Tenures'.

⁶ T.-E. Synodinou, *Cyprus Land Law (in Greek: Κυπριακό Εμπράγματο Δίκαιο)*, (Athens-Thessaloniki Sakkoulas Publications, 2011), 56.

owner of a piece of land assigns a contractor - usually an engineering professional - to build a condominium at the contractor's own expenses. In return, the contractor is usually given a majority of the ownership rights of the land, corresponding to full and distinct ownership of a number of dwellings of the condominium to be built. The rest of the dwellings - corresponding to the owner's percentage of possession - are owned by the latter. In this way, anyone who owns a piece of land but does not possess the economic ability to finance the construction of a building, takes possession of a house built at the expense of the contractor. As for the ownership percentage usually demanded by the contractor, this varies depending on the commerciality of the area, the surface of the land and the number of dwellings that will be created.

Mortgaged bank loans play also an important role in financing home ownership. All the players in the Cypriot banking scene grant housing loans, registering a mortgage on the property to be bought as security. The notion of a mortgage is well known within Cypriot Law and is considered as real estate security as well as a real estate charge. The mortgage is established with a mortgage contract and registered in the Land Registry. According to the provisions of art. 22 Law 9/1965, the fulfillment of a present, future or conditional obligation can be guaranteed by registering a mortgage. In particular, the obligation of a pecuniary debt payable in regular installments - which is the case of a bank loan - is explicitly included within the types of obligation that can be guaranteed by a mortgage⁷.

On the other hand, personal loans are not often used for the purchasing a house due to higher interest rates as well as the fact that banks prefer the tangible security of a mortgage.

- Intermediate tenures:
 - Are there intermediate forms of tenure classified between ownership and renting?

Intermediate forms of tenure can be classified in two major categories; on the one hand, tenures which are somehow connected to real property right and on the other hand tenures which rely on contracts other than a lease contract.

Regarding real property rights, quite often the dweller of a house is the beneficiary of a limited real property right over the house. Such rights, which could be considered to give a person the right to reside in a house, are the right of usufruct (in Greek: «*Επικαρπία*») and the right of habitation (in Greek: «*Οίκηση*»). Both of these rights constitute a limitation of the full and exclusive right of ownership and their legal ground derives from the provision of art. 11 of Cap. 224.

Usufruct is defined as a limited real right providing the beneficiary the right to make use and enjoy the interest or profits of immovable property belonging to another. However, despite the fact that the beneficiary of usufruct has the power to draw up a valid rent contract, he is however deprived of the power to transfer the property⁸.

⁷ Synodinou, 166.

⁸ Synodinou, 152.

Habitation, on the other hand, does not give the beneficiary the power of complete use, but only allows him to use the immovable property as his home⁹.

However, there are cases where the provisions of Cap. 224 acknowledge real property power to long-term leases. Thus, leases concluded for more than fifteen years can be registered with the Land Registry and produce rights of time-limited ownership to the tenant of immovable property¹⁰. This particular aspect reserved for this kind of lease justifies its classification as a special form of tenure.

As far as other forms of contract-based tenures are concerned, a possible tenure would be the one resulting from hire-sale contracts (in Greek: «*Σύμβαση ενοικιαγοράς*»). Hire-sale is defined as a contract in which one of the parties gives the other the use of property for a certain period of time, in exchange for regular payment by the latter. However, at the end of the contract, the person given use is entitled to acquire ownership of the property at a previously-agreed price.

- Condominiums (if existing: different regulatory types of condominiums)

The case of condominiums is acknowledged by the Cypriot legal system and is defined as a distinct and special type of ownership called 'common ownership' (in Greek: «*Κοινόκτητη Ιδιοκτησία*»)¹¹. Common ownership is regulated by the provisions of articles 38A-38ΛΓ of Cap. 224, according to which 'an independent unit' (usually an apartment or an office) can be subject to an absolute and distinct ownership right, while said right will be combined with common ownership over the common parts of the condominium. Thus, the common parts of the condominium are jointly owned by the owners of the independent units of the building in indivisible parts. Regarding the share of the indivisible parts, this is to be determined either by the Director of the Land Registry or by the owner of land on which the condominium is built.

All relations between co-owners of the common ownership are regulated by the Condominium Statutes, established by means of a multi-lateral agreement of the co-owners, whereas common ownership administration is performed by the Administrative Committee, which is required by the provision of art 38K of Cap. 224

- Company law schemes: tenants buying shares of housing companies.

In Cyprus there is no known type of tenure according to which tenants purchase shares in housing companies, although this would not be prohibited by the Law. However, there are commercial companies whose main field of business is the exploitation of the housing market; however, said companies draw up regular tenancy contracts with the interested tenant.

- Cooperatives

⁹ Synodinou, 153.

¹⁰ Synodinou, 177.

¹¹ For more information, see Synodinou, 119-126.

The notion of constructional cooperatives is not known to the Cypriot real estate market.

- Rental tenures
 - Are rental tenures with and without a public task distinguished? If so, how are they called and what is their share in the housing stock?

Lease is defined as a contract in which one contracting party (landlord) assigns the other (tenant) with the absolute use of a property for a certain period of time, and the tenant undertakes to pay the agreed rent. Lease contracts are personal contracts and as such are regulated by the provisions of Cap. 149.

Cypriot Law does not provide any distinction between rental tenures with and without public task. The only cases which could be characterised as containing a public task element are those relating to subsidies granted to the tenants, as explained below.

- What is the market share (% of stock) of each type of tenure and what can be said in general on the quality of housing provided?

As already explained above, based on the results of the 2001 Cypriot population and building census, 68.4 % of the households examined inhabited owned houses while 13.9 % lived in rented homes. 17.4 % corresponds to the intermediate tenure types while 0.2 % of the examined households did not define their tenure type.

Moreover, according to 2011 data, 68,6 % of the examined households inhabited owned houses, while 18,8 % lived in rented homes. A share of 11,3 % corresponds to the intermediate types of tenures while 1,1 % of the examined households did not define their type of tenure

Regarding the quality of the housing provided, the relevant results of the 2011 national census have already been published. Thus, data regarding the type of building in which the dwelling is located appear in the following table:

Type of Building	Number of Houses	Share (%)
Single House	172.944	40
Semi-detached or duplex	59.050	13,7
Row houses	32.893	7,6
Back-yard house	8.993	2,1
Apartment blocks	123.557	28,7
Conventional dwellings in partly residential buildings	32.530	7,5
Other type of building	1.092	0,25

To what regards the year of construction of the residential dwellings found, the following table summarises the results of the 2011 national census:

Year of construction (Completion)	Number of Dwellings	Share (%)
Before 1919	3.968	
1919-1945	9.129	2,1

1946-1960	20.343	4,7
1961-1971	24.255	5,6
1971-1980	61.247	14,2
1981-1990	85.503	19,8
1991-2000	70.094	16,2
2001-2005	54.897	12,7
2006	17.914	4,1
2007	16.438	3,8
2008	19.200	4,5
2009	16.343	3,8
2010	12.124	2,8
2011	10.098	2,3
Non stated	9.506	2,2

Furthermore, based on the results of the 2001 national census, the average number of rooms per occupied dwellings was 5,38 rooms, and five or six roomed dwellings were more prevalent with a percentage of 53,1 % of all occupied dwellings. The average size of dwellings in urban areas was 5,45 whereas in rural areas 5,21 rooms. Another useful indicator of the housing condition is the average number of persons per room which for 2001 was 0,56 persons per room for urban areas and 0,61 persons per room for rural areas.

The same data are confirmed by the 2011 Census results according to which five or six roomed dwellings were more prevalent with a percentage of 50,2 %. The 2011 census data regarding the number of rooms are shown in the following table:

Number of Rooms (2011)

Number of Rooms	Number of Dwellings	Share (%)
1	3.443	1,15
2	12.118	4,04
3	25.737	8,59
4	55.714	18,6
5	85.275	28,5
6	65.125	21,7
7	27.447	9,2
8	11.851	3,95
9	3.911	1,3
10+	3.388	1,13
Not declared	5.266	1,75
Total	299.275	99,91

The 2001 national census results show that in 99,6 % of the occupied conventional dwellings kitchen was available, 99,7 % had water supply, in 99,8 % toilet of flush type was available and in 99 % fixed bath or shower was available. Regarding heating facilities the majority of dwellings reported the use of gas stove with 33,4 %. Gas, electric or kerosene stoves were used in half of the dwellings, while the second preferred type of heating was central heating, followed by split units with hot air for urban

areas and fireplaces for rural areas. A percentage of 1,9 % of the dwellings reported no heating facilities of any type.

According to our opinion, it is depicted that the general quality of the housing provided is of an adequate level. However, further results regarding the number of rooms and the general facilities of the dwellings are awaited from the 2011 national census, which, according to our opinion will show that the general living conditions will have ameliorated during the years 2000s onwards.

- Which actors own these dwellings (private persons, profit or non-profit organisations, etc.)?

The dwellings intended to cover residential needs in Cyprus are mainly owned by private persons and small civil partnerships. However, it should be noted that there is no official data of this, and the above assertion is based purely on personal experience.

1.5. Other general aspects

- Are there lobby groups or umbrella groups active in any of the tenure types? If so, how are they called, how many members, etc.?

Regarding organised affiliations in the housing market, the only tenure type in which such groups exist is rent. Therefore, landlords are represented by the Cypriot Association of Immovable Property Owners¹² (in Greek: «Κυπριακός Σύνδεσμος Ιδιοκτητών Ακινήτων»), often abbreviated as 'KSIA), also a member of the International Union of Property Owners¹³. KSIA's main aim is to represent and defend the interests of all homeowners and private real estate owners in the country. However, there is no such association representing tenants in Cyprus. It should be noted that KSIA has no regulatory authorization. Its main aim is to provide their members a consultation service as well as to solicit payments in defense of their interests.

- What is the number (and percentage) of vacant dwellings?

The number of dwellings that were found vacant by the 2011 national census resulted at a total of 133,937 units, or rather 30.9 % of all dwellings. The numbers of vacant dwellings, as explained above, covered vacancies for dwellings awaiting sale or rent and demolition, and those dwellings used as second or holiday homes. The relevant figures are 54,651 (12.6 %) dwellings free for rent or sale, 71,942 (16.6 %) houses used as secondary or holiday homes, 6,146 (1.4 %) intended for use as tourist apartments and 1,198 (0.2 %) houses due for demolition.

- Are there important black market or otherwise irregular phenomena and practices on the housing market (especially the rental market)?

¹² www.ksia.org.cy

¹³ www.uipi.com

Black market phenomena are mostly related to the provision of low quality housing, especially in poorer neighbourhoods.

Summary table 1¹⁴ Tenure structure in Cyprus, most recent year 2011¹⁵.

Home ownership	Renting	Intermediate tenures	Other	Total
205,370	56,375	34,249	3,299	299,275
68.6 %	18.8%	11.3%	1.1 %	99.8%

2. Economic, urban and social factors

2.1. Current situation of the housing market

- What is the current situation of the housing market? Is the supply of housing sufficient/ insufficient and where is this the case (possibly in terms of areas of scarcity of dwellings in growth areas versus shrinkage areas)? What have been the effects of the current crisis since 2007?
- How is the demand for housing expected to develop? What is the expectation about the growth and decline in number of households in the future in a scenario of average economic development? Is there a year forecasted where growth in number of households will stabilize or will start declining?
- What is the number/percentage of families/households depending on rental housing (vs. owner-occupancy and other forms of tenure)? What is the number/percentage of immigrants among them?

A way of concluding whether or not there is sufficient housing in Cyprus would be to compare the total Cypriot population with available residential dwellings. Said comparison should also take into consideration the local or regional dispersion of both of these numbers within the national territory.

According to the results of the 2011 Cypriot Population and Buildings census, the total national population amounted to 840,407 people, of which 326,980 resided within the Administrative District of Nicosia (38.9 %) and 235,330 within the Administrative District of Limassol (28 %). The respective total number of Cypriot households was

¹⁴ The numbers in the table below correspond to households examined. The results of the 2001 Population and Building census regarding the form of tenure are based on interviews with the inhabitants of a dwelling themselves. This explains the difference between the number of the reported available dwellings and the number of the tenure type cases (e.g. If a person conducting the census did not find anyone in a specific dwelling, he would note only the existence of the dwelling as it would be impossible to know the tenure type).

¹⁵ More updated data based on the 2011 census will be provided in 2013.

reported at 303,342, of which 119,203 were based in the Administrative District of Nicosia (39.3 %) and 85,171 in the Administrative District of Limassol (28.07%). As has already been mentioned above, there was a total of 433,212 dwellings available, 144,556 (33.3 %) of which were located in the Administrative District of Nicosia and 114,662 (26.4 %) in the Administrative District of Limassol. This shows that the local dispersion of available dwellings more or less follows the respective dispersion of the population. Moreover, it should be noted that despite the fact that the administrative districts of Nicosia and Limassol encompass the vast majority of Cypriot households, it seems that enough housing is available to efficiently cover the need.

It should be noted that the present answer is given on the basis of a comparison of cardinal sizes. Sufficient housing supply as such is hereby understood as the ratio of available dwellings to households in need.

No such studies have been carried out in the expectations or forecasts of growth and decline in the number of households, or regarding a prediction of when the number of households will stabilise or decline.

The 2007 crisis does not seem to have provoked any effects regarding the sufficiency of supply of residential dwellings. It is obvious from the above data that the dwellings stock which already existed in 2001, and which further increased in 2011 is enough to fulfil the housing needs of people residing in Cyprus.

As has already been mentioned¹⁶, 30,965 households depended on rental housing, according to the 2001 census results, representing a share of 13.9 % of all households. Regarding owner-occupancy households, this amounted to a total of 152,544, corresponding to 68.4%. Finally, 39,052 (17.5 %) households depend on other kinds of tenures. Moreover, according to the 2011 census results the number of households depending on rental housing was of a total of 56,375 which represent a share of 18.8 % of the total households. Regarding owner-occupancy households, they amount to a total of 205,370 corresponding to 68.6 %. Finally 34,249 (11.3 %) households depend on other kind of tenures.

There is no official data regarding the percentage of immigrants among the above number of households. The only relevant figure which appears in the 2011 Population Census is that there were 106,270 European Union Citizens reported, representing 12.6 % of the total Population, while 64,113 (7.6 %) people were of other nationalities.

2.2. Issues of price and affordability

- Prices and affordability:
 - What is the typical cost of rents and its relation to average disposable income (rent-income ratio per household)? (Explanation: If rent is 300€ per month and disposable household income 1000€ per month, the rent-to-income ratio is 30%).

¹⁶ See above Summary Table 1.

Neither the Central Bank of Cyprus nor CYPSTAT have published any data regarding the typical cost of rents. However, said results can be found in the Property Price Index Report conducted by RCIS¹⁷ Cyprus in cooperation with SEEOKK¹⁸ (in Greek: «Σύλλογος Επιστημόνων Επιμετρητών Οικονομολόγων Κατασκευαστών Κύπρου» abbreviated as «ΣΕΕΟΚΚ»). The most recent data comes from the third quarter of 2012, according to which the average monthly rent for an apartment in Cyprus was 408 € whereas the average monthly rent for a house was 645 €. The above results were drawn from the example of a two bedroom, medium quality apartment with a habitable surface area of 85 square meters, whereas the relevant standard for a house consisted of a three bedroom, medium quality, semi-detached house with garden, with a total habitable surface area of 250 square meters. Moreover, according to the preliminary results published by CYPSTAT, the average monthly income of employees in Cyprus for the third quarter of 2012 was reported at 2,027 €. Therefore, the rent-income ratio for a Cypriot household can be calculated at 20 % for an apartment whereas the same ratio would be 31 % for a house as defined above.

We are of the opinion that the above clearly shows that rent prices in Cyprus are quite affordable, especially if we take into consideration that a household may consist of more than one income.

- To what extent is home ownership attractive as an alternative to rental housing

Home ownership has always been more attractive over renting in Cyprus, due to the fact that the citizens would prefer to pay a mortgaged housing loan for a dwelling that they actually owned, instead of paying rent for a dwelling that would belong to their landlord. On top of that, due to the massive loans that were granted by the banks for residential purposes, as well as the long paying off periods that were agreed, it was very often that the monthly loan instalment was equivalent to the average monthly rent.

- What were the effects of the crisis since 2007?

According to the most updated RCIS Cyprus Report¹⁹, the property price index has recorded significant falls across Cyprus' major urban areas, with prices falling across all districts. Across Cyprus, residential prices for both houses and flats fell by 1.1

¹⁷ The RICS – the Royal Institution of Chartered Surveyors – is the largest organisation of professionals in property, land, construction and environmental assets, worldwide. The organisation was created in 1868 and now has over 140,000 members in 146 countries. RICS Europe is based in Brussels and represents 17 national associations, with over 8,150 members in Continental Europe. Visit www.joinricsineurope.eu and www.rics.org for more information.

¹⁸ The Cyprus Association of Quantity Surveyors and Construction Economists (ΣΕΕΟΚΚ) represents Chartered Quantity Surveyors and Quantity Surveyors who work mainly and live permanently in Cyprus. Visit www.seeokk.org for more information.

¹⁹ See above fn. 17

% and 0.4 % respectively. Moreover, compared to the third quarter of 2011, prices dropped by 6.4 % for flats and 6.7 % for houses. Regarding market rental values, such values decreased by 0.3 % for apartments and 3.1 % for houses. Compared to the third quarter of 2011, rents dropped by 3.1 % for apartments and 5.8 % for houses. It has been depicted from this that rent prices have shown a slight decrease compared to residential prices and that the economic crisis has made home-ownership more attractive than rental tenures.

2.3. Tenancy contracts and investment

- Is the return (or Return on Investment (RoI)) for rental dwellings attractive for landlords-investors?

In order to arrive to a conclusion of whether Return on Investment for rental dwellings is attractive for landlords-investors, there should be a comparison between the entirety of the costs needed to construct a building and the actual market or rental price of the dwellings. It is more than clear that if the costs index is lower than the market price of the dwellings, then such an investment should be considered as attractive.

According to the most recent RCIS Cyprus Report, at the end of the third quarter of 2012, average gross yields stood at 3.8 % for apartments and 2% for houses. It is further reported that the parallel reduction in capital values and rents is keeping investment yields stable and at very low levels and it has been suggested that there is still room for the re-pricing of capital values.

- In particular: What were the effects of the crisis since 2007?

Data collected from CYSTAT, shows that total construction cost indexes for new residential dwellings has presented a decrease of only 2.4 % compared to the relevant costs of 2011. On the other hand, the respective decrease of the new dwellings market price is reported at 6.4 % for flats and 6.7 % for houses while rent prices decreased by 3.1 % for flats and 5.8 % for houses. Based on the above data, it is beyond a doubt that at present and following the economic crisis of 2007, any investment on immovable property, intended to be channelled either into the rental or the sale sector, is not attractive.

- To what extent are tenancy contracts relevant to professional and institutional investors?
 - In particular: may a bundle of tenancy contracts be included in Real Estate Investment Trusts (REITS) or similar instruments?
 - Is the securitization system related to tenancies in your country? Are commercial (or other) landlords allowed to securitize their rental incomes? If yes: Is this usual and frequent?

Concerning Cypriot real estate and rental markets, professional or institutional investors are rarely involved in residential tenancy contracts, whereas private investment is the main market drive. This is mainly due to the small scale economy that can be profited by the market in question. Moreover, Cyprus, being a common law country, does acknowledge the concept of Real Estate Investment Trusts (REITS), however such practices are rarely used. As far as securitizations of tenancies in Cyprus are concerned, it should be noted that Cypriot Law does provide for such financing methods. However, the only transaction of this kind that has so far been undertaken in Cyprus was in 2007 and concerned the leveraged buyout of a listed property company. Said leveraged buyout involved the securitisation of income from real estate property, which was, however, occupied for commercial and non-residential purposes. This means therefore that the securitisation of residential tenancies cannot be considered as a usual and frequent way of raising finance.

2.4. Other economic factors

- What kind of insurances play a role in respect to the dwelling (e.g. insurance of the building, the furniture by the landlord; third party liability insurance of the tenant?)?

Firstly, it should be stated that there is no provision of Cypriot Law which imposes any general obligation whatsoever either to the owner or to the tenant of a dwelling to sign insurance contracts regarding the dwelling. The conclusion of such a contract is, therefore, subject to the personal will of the interested person. The dangers that buildings are most commonly insured against are fire and other natural disasters such as earthquake, flood etc., while third party liability insurance of the tenant is not that commonly used.

The only provision of Cypriot Law which imposes the insurance cover of buildings was introduced by Law 6(1)/1993 and concerns the common parts of a condominium.

In terms of figures, the 2011 annual report of the insurance association of Cyprus²⁰ reveals that property insurance is the second largest non-life business line, accounting for 24.5% of total premium income. Total gross premiums written (excluding policy fees) in 2011 amounted to 115,200,000 €. However, this report does not contain any data as to those dwellings that are actually insured against the above dangers.

It should be noted that it is very common that banks who grant a mortgaged housing loan, do, in most cases, require their debtor to also insure the mortgaged dwelling against natural disasters. Said obligation on the part of the debtor is usually inserted as a condition of the loan agreement. Finally, a tenancy contract is permitted to contain a similar insurance clause, although this is rarely undertaken in common practice.

²⁰ www.iac.org.cy

- What is the role of estate agents? Are their performance and fees regarded as fair and efficient?

The intervention of real estate agents in the conclusion of sale or rent contracts is subject to the personal will of the interested parties as, according to the provisions of Law 71(1)/2010, any such intervention is optional.

All estate agents should be subscribed with the relevant chamber, and have at completed least three years of university studies.

Concerning their commission fees, these are defined according to the free market. In case said fee is not agreed between the parties, it is set at 3 % of the price of the contract. A usual commission rate would vary between 2 and 4 % of the price of sale, or would consist in one month's rent in the event of a rent contract.

2.5. Effects of the current crisis

- Has mortgage credit been restricted? What are the effects for renting?

Regarding the volume of mortgaged bank loans, useful data can be obtained through the Central Bank of Cyprus²¹, which supervises the entire national banking system. The most recent date of information on the mortgage credit for housing purposes is January 2013.

The data reveals the more cautious and selective stance of banks in granting new loans for housing. Thus, in the fourth quarter of 2012, there was an increase in the constriction of credit standards house purchase loans, with the diffusion index adjusted at 30 %. It should be noted that the same diffusion index was also calculated at the same rate. The main reasoning for said constriction is related to capital costs and balance-sheet restrictions as well as general bank prospects for general economic activity. It should also be highlighted that the Central Bank of Cyprus forecasts the constrictions to continue throughout the first quarter of 2013.

Although the effects of mortgaged credit restrictions have not been compared or correlated as to their impact on the rental sector, the only actual result that said restrictions could have thereon would be the subsequent recession caused in the construction industry; meaning that no new, better quality homes would be available on the rental market.

- Indicate the current figures on repossession (seizures of houses in case of mortgage credit default of the buyer)? Have repossessions affected the rental market?

There are no official data in respect to figures on repossession of dwellings as a result of seizures due to default of the byer.

²¹ Bank Lending Survey January 2013, conducted by the Central Bank of Cyprus available at: www.centralbank.gov.cy.

- Has new housing or housing-related legislation been introduced in response to the crisis?

There has been no new housing or housing-related legislation introduced in response to the crisis.

Summary table 2 (please complete the cells with +)

	Landlord	Tenant
Crisis effects	Decrease of the price rents.	
Return on investment	Decrease of dwellings market price non-proportional to the decrease of the construction costs.	
Affordability		Decrease of the average income non-proportional to the decrease of the rent prices.
Local differences (in need, Rol and affordability)	+	+
Insurance	+	+

2.6. Urban aspects of the housing situation

- What is the distribution of housing types in the city scale (e.g.: are rented houses mainly in the city centres and owner occupied in the suburbs?) vs. the region scale (e.g.: more rented houses in the big cities, less in the villages?)

The reference point of the tenure type data implemented is, once again, the published results of the 2001 and 2011 Population and Buildings census. Said results confirm that there are more rented houses in city centres and owner occupied homes at regional level. In terms of figures, it was found that out of the 68.4 % of home owned dwellings, 65.9 % were located in urban and 74.1 % in rural areas. Moreover, out of the 13.9 % of rented houses, 17.7 % were found in urban areas whereas 5,1 % were in rural areas. Furthermore, the 2011 results did not reveal any dramatic changes. It was found that out of the total of 68,6 % of owner occupied dwellings, 66,5 % thereof was located in urban and 69,5 % in rural areas. Regarding rental tenures, out of the total of 18,8 % of rented dwellings, 22 % was found in urban whereas 11,9 % in rural areas.

- Are the different types of housing regarded as contributing to specific “socio-urban” phenomena, e.g. ghettoization and gentrification?

Although home ownership is socially more appreciated as being considered as an index of good economic situation and welfare, the existence of different types of tenures haven't *per se* been reported as causing any kind of socio-urban phenomena.

- Do phenomena of squatting exist? What are their – legal and real world – consequences?

There are not any particular phenomena of squatting reported. The only incidents that could be considered as phenomena of that kind would be the case of rom tribes who usually occupy pieces of land in order to be installed. Housing thereby is beyond any level of adequacy, given that the dwellings mostly consist in offhand shacks with no water supply.

The consequences of these kinds of phenomena are mostly connected to the public health and environmental pollution they are causing. Regarding legal effects, they usually do not acquire any kind of tenure rights as they tend to continuously move. In that way, they do not complete the time periods required by the Law in order for someone to acquire property rights through adverse possession.

2.7. Social aspects of the housing situation

- What is (are) the dominant public opinion(s) towards certain forms of rental types or tenure forms? (e.g. is renting considered as socially inferior?) In particular: Is only home ownership regarded as a safe protection after retirement?

It is beyond any doubt true that the dominant public opinion finds home ownership as a socially superior tenure form. On the other hand, rent tenures, are mostly regarded as a temporary solution for covering housing needs that are not presumed as long lasting.

- What is the typical attitude of tenants towards different forms of tenure (e.g. owners of privatised apartments in former Eastern Europe not feeling and behaving as full owners)

The attitude of an owner of a dwelling reflects the full and undisputable power over the things that his real property right of ownership provides him with. On the contrary, the tenant of a rented property doesn't feel his house as belonging to him, which mainly results to carelessness for the proper maintaining of the premises.

Summary table 3

	Home ownership	Renting with a	Renting without a public task	Etc.
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		public task		
Dominant public opinion	Superior		Inferior, mainly to cover temporary housing needs	
Tenant opinion	Acting as the full owner			
Contribution to gentrification?	No		No	
Contribution to ghettoization?	No		No	
Squatting?	No		No	

3. Housing policies and related policies

3.1 Introduction

- How is housing policy related to the structure and concept of the (national) welfare state, to other welfare policies and the tax system?
- What is the role of the constitutional framework of housing? (in particular: does a fundamental right to housing exist?)

The Constitution of the Republic of Cyprus does not contain any special provision explicitly acknowledging a constitutional right to housing. However, the provision of art. 9 of the Constitution provides that *‘Every person is entitled with the right to adequate living conditions and social security’*. The right to adequate living conditions should be considered as including a right to adequate housing, since it is beyond a doubt that housing fulfills person’s most basic needs. As to the relationship between the housing policy and the concepts of the welfare state, it should be noted that the foundation for the State to introduce any such policy is explicitly the State’s social duty to reassure minimal living standards. Said duty is also reflected by the different tax subsidies and reliefs.

3.2. Governmental actors

- Which levels of government are involved in housing policy (national, regional, local); what are they called; how many are there of each?

The governmental actor involved in housing policy is the Ministry of Social Internal Affairs of the Republic of Cyprus²² (in Greek: «Υπουργείο Εσωτερικών»), and especially the Department of Housing and Housing Policy (in Greek: «Τμήμα Οίκησης

²² www.moi.gov.cy

και Στεγαστικής Πολιτικής") as well as the Expatriated Care and Restitution Service (in Greek: «Υπηρεσία Μέριμνας και Αποκατάστασης Προσφύγων»).

Moreover, Cyprus Land Development Corporation (in Greek: «Κυπριακός Οργανισμός Ανάπτυξης Γης») as well as Housing Finance Corporation (in Greek: «Οργανισμός Χρηματοδότησης Γης») have been assigned with an important part of Cypriot housing policy initiatives.

Finally, in district level the four district administrations namely Nicosia (in Greek: «Λευκωσία»), Limassol (in Greek: «Λεμεσός»), Larnaca (in Greek: «Λάρνακα») and Pafos (in Greek: «Πάφος») are assigned with the implementation of national housing policy.

- Which level(s) of government is/are responsible for designing which housing policy (instruments)?
- Which level(s) of government is/are responsible for which housing laws and policies?

The Department of Housing and Housing Policy of the Ministry of Internal Affairs is responsible for designed the following housing policy schemes²³:

- a. Unified Housing Plan
- b. Housing plan motivating the cohabitation of first degree relatives
- c. Housing plan for the amelioration of living conditions of persons eligible for public financial aid.
- d. Plan for the provision of land to low income families.
- e. Rent Subsidization for repatriated Cypriots.

The expatriated care and restitution service of the Ministry of Internal Affairs is responsible for designing the following housing policy schemes²⁴:

- a. Provision of housing unit in Expatriated Housing Blocks.
- b. Provision of State Land for self-housing.
- c. Financial grant for the purchase of a house or apartment or self-housing on owned land.
- d. Subsidy of Rent for Expatriated Persons.

The Cyprus Land Development Corporation in cooperation with the Housing Finance Cooperation is responsible for designing the following housing policy schemes²⁵:

- a. Medium-Income Housing Scheme

²³ A thorough presentation and analysis is given below under 3.6 Subsidisation.

²⁴ *Ibidem.*

²⁵ *Ibidem.*

- b. Low-Income Housing Scheme
- c. Low Income Housing Scheme (Highland and Remote Areas)

3.3. Housing policies

- What are the main functions and objectives of housing policies pursued at different levels of governance?
 - In particular: Does the national policy favour certain types of tenure (e.g. rented housing or home ownership (owner-occupation))?

The national policy certainly favours home ownership against rented housing. The above conclusion clearly comes from the context of the Cypriot housing policy, which will be explained below²⁶.

- Are there measures against vacancies (e.g. fines or forced assignments of vacant houses)?

There are no measures against vacancies.

- Are there special housing policies targeted at certain groups of the population (e.g. migrants, Sinti and Roma etc)?

The groups of population that are targeted via special housing policies are the expatriated Cypriot after the 1974 Turkish evasion. A further analysis as to the measures taken is reported below under 3.6 'Subsidization'.

3.4. Urban policies

- Are there any measures/ incentives to prevent ghettoisation, in particular

Although socio-urban phenomena, such as ghettoization (the case of gentrification is not at all known within Cypriot social reality) do exist in Cyprus– as is the case in urban centres all over the world -- the different types of housing and their distribution among Greek households is not considered as contributing to this. Therefore, there are no measures to be reported as aiming to prevent shettoisaiton,

- mixed tenure type estates²⁷

Mixed tenure type estates are quite common in Cypriot reality. However, given that such tenures haven't been reported as contributing to the appearance of any particular social phenomena, there are no measures or incentives providing for relevant regulation.

- "pepper potting"²⁸

²⁶ See under 3.6 'Subsidization'.

²⁷ Mixed tenure means that flats of different tenure types - rented, owner-occupied, social, etc. - are mixed in one estate. This is the simplest way to avoid homogenised communities, and to strengthen diversification of the housing supply.

Phenomena of such kind have never been the object of specific regulation by any kind of policy.

- “tenure blind”²⁹

Phenomena of such kind have never been the object of specific regulation by any kind of policy.

- public authorities “seizing” apartments to be rented to certain social groups

Cypriot public authorities have never proceeded to ‘seizures’ of apartments in order for them to be rented to social groups. It is again clarified, that Cypriot reality shows that even vulnerable groups of population can have access to the private rental sector.

Other “anti-ghettoisation” measures could be: lower taxes, building permit easier to obtain or, in especially attractive localisation - as a condition to obtain building permit, condition of city contribution in technical infrastructure.

No kind of above measures have ever been implemented in Cyprus. Particularly, any amounts tax subsidies or reduction presently in force appertain to the acquisition of a so called ‘first residence’ and are not in any way connected to the localisation of the immovable intended to be bought. Furthermore, the scope of the provisions regulating the conditions for a building permit refers to the characteristics of each region, with a focus to the protection of the environment. On the contrary the ration of above rules is not related to ‘anti-ghettoisation’ issues

- Are there policies to counteract gentrification?

Firstly it is noted that gentrification is understood as the restoration and upgrading of a deteriorating or aging urban neighbourhood by middle-class or affluent persons, resulting in increased property values and often displacement of lower-income residents. Such phenomena have never been observed in Cypriot urban neighbourhoods especially in the field of housing. As a matter of fact, Greek vocabulary does even contain a relevant word appertaining to the meaning of such a condition. Therefore, there are no policies that can be reported against gentrification

- Are there any means of control and regulation of the quality of private rented housing or is quality determined only by free market mechanisms? (does a flat have to

²⁸ This mechanism is locating social housing flats among open market ones, so as to avoid concentrating lowest income families in one place. The concept is quite controversial, however in England the affordable housing system was used for a long time to minimize the problem of modern city ghettos.

²⁹ This is a mechanism for providing social housing in a way that the financial status of the inhabitants is not readily identifiable from the exterior outside. It is used to avoid/minimize stigmatization and social exclusion which could be caused by living in an openly identifiable social stock.

fulfil any standards so that it may be rented? E.g.: minimum floor area, equipment, access to technical and/or social infrastructure and/or public transport, parameters such as energy efficiency, power/water consumption, access to communal services such as garbage collection. If so: how are these factors verified and controlled?)

There are no provisions of Law within the Cypriot legal system which control or regulate the quality of the private rented housing. The determination of the quality of dwellings available for rent is subject to the conditions of free market and the rules of demand and supply. However, the only case where a rent contract could be annulled due to the inadequacy of the rented property would be the case where it would be proven that the dwelling is of such a poor quality that the constitutional principle of respect of the human value is violated.

- Does a regional housing policy exist? (in particular: are there any tools to regulate housing at regional level, e.g.: in order to prevent suburbanisation and periurbanisation? Is it possible to distribute local taxes so that villages can afford the limitation of housing areas?)

There exists no kind of regional housing policy.

3.5. Energy policies

- To what extent do national and or local energy policies affect housing?

Pursuant to Laws 141/2006 and 30/2009, all newly built dwellings plus all buildings in excess of 1,000 m² that are to be radically renovated should fulfill certain standards for energy efficiency. Moreover, every sale and tenancy contract should be accompanied by an Energy Sufficiency Certificate. Said certificate also includes recommendations for the improvement of the energy sufficiency of the dwellings and is valid for 10 years.

Summary table 4

	National level	2 nd level (e.g. federal or provincial)	3 rd level	Etc.	Lowest level (e.g. municipality)
Policy aims 1)					

2) Etc.					
Laws 1) 2) Etc.					
Instruments 1) 2) Etc.					

3.6. Subsidization

- Are different types of housing subsidized in general, and if so, to what extent? (give overview)

All Cypriot governmental initiatives that could be characterised as being part of the national housing policy are mainly connected to subsidization of different housing tenures. Said initiatives mainly concern the provision of home ownership while there are also actions in the subsidization of rental contracts. According to data from the Cypriot Ministry of Interior Affairs, more than 17,000 families have somehow benefited from the different national housing policy and subsidization schemes.

All available housing possibilities and relevant subsidies will be discussed below.

- Explain the different forms of subsidies for tenants, (certain) landlords and, if relevant, housing associations or similar entities acting as intermediaries (e.g. direct, by means of investment loans, tax privileges). Which level of government is competent to assign the subsidies? Is there a right to certain subsidies or does the public administration have discretion in whom to assign the subsidy?

The subsidies and different grants provided by the Republic of Cyprus regarding the housing needs of the population are divided in two major categories. On the one hand, there are the housing plans which address the entirety of the population, and on the other housing plans targeting expatriated persons.

1. Housing Plans addressing the entirety of the Population.

a. Unified Housing Plan (in Greek: «Ενιαίο Στεγαστικό Σχέδιο).

The Unified Housing Plan unified previous housing plans that were part of the Cypriot housing policy. The purpose of this plan was to cover the housing needs of multi-member families as well as disabled persons intending to purchase a house. It should be noted that for the above population categories, the Unified Housing Plan does not provide for any geographical or income limitations. Moreover, the Unified Housing Plan also covers persons who are willing to be housed in certain geographical areas. Regarding the second case, this plan applies to communities whose total population does not exceed 500 inhabitants, or whose distance from the closest urban center exceeds 35 kilometers, or whose altitude is over 450 meters. The eligible persons should not possess their own home, though there is no criteria regarding income. Moreover, the interested persons should be under 70 years of age, they should have already applied for and been granted the essential building permit and they should not have benefited from any other financial aid for housing purposes. The provisions of the Unified Housing Plan apply to dwellings whose habitable surface does not exceed 230 square meters. Finally, all applicants should be citizens of the Republic of Cyprus or of any other Member-State of the European Union provided they have resided in Cyprus for more than five years.

The financial aid provided by the plan in question combines a grant of up to €17,000 as well as housing loans for amounts ranging from €52,000 to €102,000, with subsidized interest of 65 %. It should be noted that financing is essentially performed through the Housing Finance Corporation³⁰ (in Greek: «*Οργανισμός Χρηματοδότησης Στέγης*») often abbreviated as HFC.

b. Housing plan motivating the cohabitation of first degree relatives (in Greek: «*Στεγαστικό Σχέδιο παροχής κινήτων για συστέγαση προσώπων με συγγενικά πρόσωπα πρώτου βαθμού*»).

This plan covers cases of parents living with their children. To be eligible for the plan, applicants should not possess their own home, or the financial means to cover the expenses of their housing. Income criteria applies, stating that gross income should not exceed €5,980 for individuals and €9,397 for couples. Those interested should have already applied for and been granted the essential building permit. Finally, financial aid provided consists in a grant of € 8,543 for the construction of a bedroom, shower and toilet, while the previous sum is adjusted to €12,815 for the construction of a kitchen.

c. Housing plan for the amelioration of living conditions of persons eligible for public financial aid³¹ (in Greek: «*Στεγαστικό Σχέδιο για τη βελτίωση συνθηκών στέγασης ληπτών δημοσίου βοηθήματος*»).

Said plan provides for a grant amounting to 12000 € for the general amelioration of the living conditions of the eligible persons. Applicants should be eligible for public

³⁰ HFC is a credit institution functioning under the form of a semi-public organisation, under the supervision of the Central Bank of Cyprus. Its main purpose consists in granting long-term housing to persons intending to purchase their first residence. For more information see www.hfc.com.cy.

³¹ Public Financial Aid (in Greek: «*Δημόσιο Βοήθημα*») is a special financial aid granted to persons deprived from the means to cover their essential needs.

financial aid and should not have benefited from any kind of state financial support for housing needs.

d. Plan for the provision of land to low income families (in Greek: «Σχέδιο διάθεσης οικοπέδων σε οικογένειες με χαμηλά εισοδήματα»).

The plan for the provision of land to low income families covers the whole Cyprus territory apart from some specific areas. The applicants should fulfil the following conditions:

i. They should be citizens of the Republic of Cyprus or of any other Member-State of the European Union provided that they have permanently resided in Cyprus for the past five years.

ii. The applicants should have already created a family.

iii. They shouldn't possess any owned residence or piece of land on which, according to the town planning provisions of law, a residence can be built. The same restrictions also apply for the spouse of the applicant, the parents and the children of the interested couple.

iv. Priority criteria apply to the provision of lands which are based on the relation of the applicant with the community in which the land is situated. Thus, lands are assigned by descending order to indigenous permanent residents of the respective community, expatriated permanent residents of the community, internal emigrants, repatriated, permanent residents of communities in distance less than 10 kilometres, citizen of Member State of the European Union provided that he has permanently resided in the community for at least three years and for at least five years in Cyprus.

v. The applicant should be less than 50 years old.

vi. Income criteria do apply according to the following table:

Members of the Family	Income (€)
Two Members	21.000
Three Members	23.000
Four Members	26.000
Five Members	29.000
Six Members	30.000
Seven Members	32.000

The plan in question applies in cases according to which the total habitable surface of the residence which will be built will not exceed 230 square metres. The lands are offered for 25 % of their real price and a hire sale contract is concluded. The applicant pays a share of 20 % of the price in advance, while the rest is payable in annual instalments for a period varying from 10 to 15 years.

e. Rent Subsidization for repatriated Cypriots (in Greek: «Επιδότηση Ενοικίου Επαναπατρισθέντων»).

Repatriated Cypriots who rent a house or an apartment that becomes their residence can apply for a subsidy for rent owed. Said subsidy applies for a year following repatriation while no income criteria apply.

All the above plans and consecutive allocations are provided by the Cypriot Ministry of Internal Affairs³², and the local administrative districts.

f. Medium-Income Housing Scheme (provided by CLDC³³) (in Greek: «Σχέδιο Στέγασης Μέτρια Αμοιβόμενων»).

The income criteria which are taken into consideration for the selection of households or persons who can participate in the above scheme are the following:

Size of household	Income Limit (€)
Singles	22.000
Families without children	40.000
Families with one children	44.000
Families with two children	48.000
Families with three children	54.000
Families with four children	60.000
Families with five children	66.000
Families with six children	72.000

It should be mentioned that the present scheme does not provide any special subsidy or grand, but due to the non-profit character of CLDC, there are financial benefits. Thus, dwellings are offered at low prices, while the advance payment required is restricted to a flexible 5 % of the selling price. Moreover, the CLDC works in close co-operation with the Housing Finance Corporation which facilitates CLDC's clients to conclude a loan agreement up to 75 % of the purchase price.

³² http://www.moi.gov.cy/moi/moi.nsf/index_gr/index_gr?OpenDocument

³³ Cyprus Land Development Corporation (in Greek: «Κυπριακός Οργανισμός Ανάπτυξης Γης») was established by Law 42/1980 and is a Public Law Corporation under the supervision of the Ministry of Internal Affairs. Its purpose lies within the framework of the state's social policy to assist medium and low-income families to acquire their own home. In order to promote the purpose of its establishment the Corporation divides land into housing plots and erects dwellings available at reasonable prices and with easy terms of payment. For more information see <http://www.cldc.org.cy/>.

g. Low-Income Housing Scheme (provided by CLDC) (in Greek: «Σχέδιο Στέγασης Χαμηλά Αμοιβόμενων»).

Firstly, it should be highlighted that the Cypriot government has undertaken responsibility to fund any necessary expenses for the development of the above scheme from the State Budget. The Low-Income Housing Scheme intends to cover the housing needs of very low-income families, who without significant subsidy and favourable funding terms would not be able to acquire their own home. As to the beneficiaries of the scheme, these are functional families, engaged couples (under the condition that they marry before receiving the grant), individuals and people with special needs and disabilities.

The following table shows the income criteria for participation in the scheme:

Beneficiaries	Income Limit (€)
Singles	13.000
Singles with special needs and disabilities	21.500
Monogenic families	20.000
Additional child	2.000
Families without children	22.000
Additional child	2.000
Families with a member or Members with special needs and disabilities	33.000

Regarding the subsidy to be provided, the latter is calculated on the basis of the gross annual income:

Annual Income	Less than 18.000 €	Over 18.000 €
	Subsidies Granted (€)	
Singles	10.000	No
Singles with special needs and disabilities	18.000	14.000
Monogenic families	20.000	15.000
Additional child	1.500	1.000
Families without children	18.000	14.000
Additional child	1.500	1.000
Families with a member or Members with special needs and disabilities	25.000	20.000

The advance payment required on the signature of the sale contract varies from 8 % of the purchase price for families with annual income of less than 18.000 €, while the advance is adjusted to 10 % for families whose annual income exceeds 18.000 €. The rest of the price can be financed by a loan from HFC or any other credit institution. The payoff period is limited to thirty years and the relevant interest is subsidized.

h. Low Income Housing Scheme (Highland and Remote Areas – provided by CLDC) (in Greek: «Σχέδιο Στέγασης Χαμηλά Αμοιβόμενων Ορεινές Περιοχές»).

The CLDC further demonstrates a special interest in rural housing development, in an attempt to help maintain population in villages. For these areas, where the CLDC is not in a position to build housing units and applicants cannot be adequately assisted by any other Housing Plan, grants are provided as well as subsidized loans. Loans offered amount to up to €65,000 (for the construction of a two bedroom dwelling) and €80,000 (for the construction of a three bedroom dwelling).

The construction of the housing - the habitable surface of which should not exceed 140 square meters - is undertaken by the applicant who, as well as the loan, can also benefit from Low Income Housing Scheme provisions.

2. Housing Plans for Expatriated Persons.

a. Provision of housing unit in Expatriated Housing Blocks (in Greek: «Παραχώρηση Οικιστικής Μονάδας σε Οργανισμό Στέγασης Εκτοπισθέντων»).

The scheme in question is probably the most significant example of the Cypriot government's attempt to find a solution to the enormous problem caused by the Turkish invasion in 1974. Those eligible are families or persons who meet the following conditions:

- i. Family, in which at least one of the spouses holds an expatriated identity card.
- ii. Individual holding an expatriated identity card.
- iii. The person should permanently reside in Cyprus.
- iv. Neither the applicant nor any member of his family should possess any other housing unit or immovable property of substantial important value.
- v. The annual income of the individual or the family should not exceed €20,500. The sum of €1,280 is added to the previous amount for every dependent family member.

b. Provision of State Land for self-housing (in Greek: «Παραχώρηση Κρατικού Οικοπέδου Αυτοστέγασης»).

State land plots are transferred free of any charge to eligible persons for the above scheme, combined with a grant depending on the size of the family in order to build a residence. As for the eligible persons, these are families or persons who meet the following conditions:

- i. Family, in which at least one of the spouses holds an expatriated identity card.
- ii. Single holding an expatriated identity card.
- iii. The person should permanently reside in Cyprus.
- iv. The applicant or any other member of the family should not possess any other housing unit or immovable property of an important value.

To what regards income criteria, they appear in the following table:

Family Members	Income Limit (€)
Singles	20.500
Two Members	21.360
Three Members	22.545
Four Members	26.140
Five Members	28.655
Six Members	29.985
Seven Members	32.100

Regarding the amount of the grant, 22.210 € are granted for the building of a one bedroom residence, 27.330 € for two bedrooms and 31.610 € for three bedrooms.

c. Financial grant for the purchase of a house or apartment or self-housing on owned land (in Greek: «Παραχώρηση Οικονομικής Βοήθειας για την γορά κατοικίας ή διαμερίσματος ή για αυτοστέγαση σε ιδιοκτητο οικόπεδο»).

Regarding the eligibility conditions for the above scheme, these are the same with the ones already described above, apart from the income criteria, which do not apply in this case.

The eligible persons are provided with a grant for the construction of a house. The amount of the grant is 37.600 € for a single bedroom dwelling, 51.250 € for two bedrooms and 68.350 € for a three bedroom house.

d. Subsidy of Rent for Expatriated Persons (in Greek: «Σχέδιο Επιδότησης Ενοικίου σε εκτοπισθέντες και παθόνες»).

According to the above scheme, expatriated persons who rent a house or apartment which serves as their permanent residence in Cyprus, can benefit from a subsidy on the payable rent. The amount varies from 66 € to 213 € and depends on the size of the household. As for income criteria, the respective limits vary from 14.824 € to 26.786 €.

e. Housing in Turkish-Cypriot dwellings (in Greek: «Στέγαση σε τουρκοκυπριακές κατοικίες»).

Finally, expatriated persons also have the possibility to be housed in Turkish-Cypriot dwellings, which are maintained and exploited by the State.

We are of the opinion, that all the above possibilities depict a quite active housing policy from the part of the State, while it should be also underlined that all the subsidization possibilities, as explained hereinabove mainly target ownership instead of rent contracts.

- Have certain subsidies been challenged on legal grounds (in particular: on the basis of competition law or budget law)?

The subsidies allocated by the different public mechanisms of the Republic of Cyprus have never been challenged on legal grounds, due to the fact that they are allocated on the basis of purely income and social criteria.

- Summarise these findings in tables as follows:

Summary table 5

Subsidization of landlord	Tenure type 1	Tenure type 2, etc.
Subsidy before start of contract (e.g. savings scheme)	Name of subsidy Aim of subsidy	
Subsidy at start of contract (e.g. grant)		
Subsidy during tenancy (e.g. lower-than market interest rate for investment loan, subsidized loan guarantee)		

Summary table 6

Subsidization of tenant	Tenure type 1	Tenure type 2, etc.
Subsidy before start of contract (e.g. voucher allocated before find a rental dwelling)		
Subsidy at start of contract (e.g. subsidy to move)		
Subsidy during tenancy	Dwellings rented by	

(in e.g. housing allowances, rent regulation)	students, under the condition that their place of study is different from their primary residence. The amount of 1.000 € is allocated per annum, as part of the annual rent paid.	

Summary table 7

Subsidization of owner-occupier	Tenure type 1	Tenure type 2
Subsidy before start of contract (e.g. savings scheme)	Name of subsidy Aim of subsidy	
Subsidy at start of contract (e.g. grant)		
Subsidy during tenancy (e.g. lower-than market interest rate for investment loan, subsidized loan guarantee, housing allowances)		

3.7. Taxation

- What taxes apply to the various types of tenure (ranging from ownership to rentals)?

The taxes that are imposed to the landlord for immovable dwellings are summarized as following:

1. Value Added Tax (often abbreviated as VAT) imposed on the acquisition of **new built** immovable property (in Greek: «Φόρος Προστιθέμενης Αξίας», *abbreviated as «ΦΠΑ»*).

The sale of immovable property is subject to Value Added Tax. Said tax is payable at the standard rate of 15% on the sale of building or part of buildings, and the land on which they stand, under the condition that the application for a building permission was filed before the competent authorities after 1 May 2004. It should be underlined that VAT is only due in cases of new built dwellings, meaning that the buyer will use the property for the first time. Lower rates apply in specific cases which will be explained herein below.

2. Annual Immovable Property Tax (in Greek: «Ετήσιος Φόρος Ακίνητης Ιδιοκτησίας»).

Annual immovable Property Tax is payable on 30 September of each year. Said Tax is calculated on the basis of the market value as at 1 January 1980 of the immovable property owned by the tax payer on the 1st January of the preceding year. The relevant rates, with effect from 1 January 2012 appear in the following table:

First 120.000 €	0 %
Next 50.000 €	0.4 %
Next 130.000 €	0.5 %
Next 200.000 €	0.6 %
Next 300.000 €	0.7 %
Above 800.000 €	0.8 %

3. Stamp Duty imposed to contracts transferring immovable property (in Greek: «Φόρος Χαρτοσήμου»).

Stamp duty on contracts transferring immovable property is calculated on the basis of the consideration of the contract. The relevant rates amount to 0.15% for the first 170.860 € of the consideration whereas 0.2 % is charged for the sum exceeding the previous limit. However, if the consideration exceeds the amount of 8.585.715 € stamp duty is capped at 17.086 €

4. Transfer Fees imposed to contracts transferring immovable property (in Greek: «Μεταβιβαστικά Δικαιώματα»).

Transfer fees are payable by the buyer of immovable property to the Department of Lands and Surveys. The relevant amount is calculated on the basis of the purchase price. In particular, 3 % of the purchase price is owed as transfer fees for the first 85.430 € of the purchase price, 5 % for the price between 85430 € and 170.860 € and 8% for the part of price exceeding 170.860 €

5. Tax imposed on the income from immovable property, known as “Income Tax (in Greek: «Φόρος Εισοδήματος»).

The owner of immovable property in Cyprus is also subject to taxation for the income gained from said property. It is clear that such tax mainly concerns the collected rent premiums, which pursuant to the provisions of Law 118 (1)/2002 are considered part of the taxable income. The relevant rates currently in force appear in the following table:

Taxable income (€)	Tax index (%)
0-19.500	0

19.500-28.000	20
28.000-36.300	25
36.300-60.000	30
Over 60.000	35

It should be noted that the owner of immovable property is entitled with the right to deduct part of the collected rent premiums from his taxable income, but said deduction will be further explained herein below.

6. Additional Tax imposed on the income from immovable property, known as “Special Contribution for Defense” (in Greek : «Έκτακτη Αμυντική Εισφορά»).

The provisions of Law 117(1)/2002 introduced an additional Tax imposed on certain categories of income of Cyprus residents, called Special Contribution for Defense of the Cypriot Republic. Rent premiums collected by owners of immovable property are included in said categories of income. The tax imposed rates to 3 % of the 75 % of the total rent premiums collected.

7. Tax imposed on the gains from the sale of immovable property known as ‘Capital Gains Tax’ (in Greek: «Φόρος Κεφαλαιουχικών Κερδών»).

The seller of immovable property is subject to Capital Gains Tax for every transfer of immovable property. Said tax is calculated by a rate of 20 % on the net gain of the seller. Moreover, in order to determine the net profit on which the tax will be imposed, the market value of the property as at 1 January 1980 or the costs of acquisition and improvements of the property, if made after 1 January 1980, as adjusted for inflation up to the date of disposal on the basis of the consumer price index in Cyprus, are deducted from the gross profit.

- In particular: Do tenants also pay taxes on their rental tenancies? If so, which ones?

Tenants in Cyprus do not pay any kind of taxes on their rental tenancies.

- Is there any subsidization via the tax system? If so, how is it organised? (for instance, tenants being able to deduct rent from taxable income; landlords being able to deduct special costs; homeowners being treated favourably via the tax system)

To what regards subsidization, deductions or reliefs from the above mentioned taxes, such benefits can be summarized as following:

- VAT: A reduced rate of 5% (instead of the standard rate of 15%) applies to contracts that have been drawn up from 1st October 2011 onwards, provided that the property to be acquired or constructed will be used as the primary and permanent place

- Annual Immovable Property Tax: As it has been clearly mentioned above, no tax is owed on the first €120,000 of immovable property.

- Income Tax: The taxpayer is entitled to deduct 20 % of the collected rent premiums from his taxable income.

- Special Contribution for Defence: As explained above, the 3 % rate on rent premiums applies only to 75 % of the rent collected.

- Grant to purchase first residence: A special grant is provided by law to purchase a first home. The grant is given to eligible persons for the construction, purchase or transfer of a new dwelling which is used as the main and primary place of residence. The grant applies to contracts drawn up by 30th September 2011; contracts drawn up after that date can benefit from the reduced VAT rate. Applications for the grant must be submitted to the Ministry of Finance, and concern residences for which a construction permission has been filed with the competent authorities following 1st May 2004. This grant can be requested by citizens of the Republic of Cyprus or of any other EU Member State who reside permanently in the Republic of Cyprus and who are over the age of 18 at the time of application. The grant is given for residences 250 meter square or less, whereas the level of the grant is limited to 130 square meters (extensions apply for families with four and more children). Moreover, the total amount of the grant depends on the type of property and on whether the residence was constructed or purchased. The relevant provisions of law provide that the amount of grants is annually adjusted according to the Retail Price Index.

Finally, it should be noted at this point, that rent paid by the tenant is not deductible by Cyprus Tax Law

- In what way do tax subsidies influence the rental markets?

Tax subsidies influence the rental market in the way that it is favourable for a person who doesn't own any immovable property to acquire a residential dwelling. Home ownership is in that way favoured against rental tenure.

- Is tax evasion a problem? If yes, does it affect the rental markets in any way?

Tax evasion is a problem in Cyprus. The most common practice in tax evasion is when contracting parties do not declare the real price of the contracts, meaning less tax is imposed.

Finally, it should be stressed that Cyprus is currently carrying out a reform of its tax system. New measures are expected to be announced.

Summary table 8³⁴

	Home-owner		Landlord in rent contract		Tenant in rent contract
Taxation at point of acquisition	VAT (15%) payable by the buyer, applies to dwellings before their first use.	.Reduced Rate (5%) if the residence will be used as first and primary residence for 10 years. Applies to contracts concluded from 1 October 2011.			
	Stamp duties payable by the buyer.	No			
	Transfer fees payable by the buyer	No			
	Capital Gains Tax payable by the seller of the property.	No			
Taxation during tenancy	Annual Immovable Property Tax	No tax owed for property up to 120.000 €	Income Tax	20% of collected rents deducted from the taxable income	
			Special Contribution for Defence	Tax imposed on 75% collected rents.	
Taxation at					

³⁴ The Grant for Acquisition of First Residence is not included in the following table, due to the fact that it does not constitute a subsidy on a certain tax.

the end of tenancy				
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4. Regulatory types of rental and intermediate tenures³⁵

4.1. Classifications of different types of regulatory tenures

- Which different regulatory types of tenure (different regulation about contracts and security tenant) do you classify within the rental sector? What are their shares in dwelling stock (compare summary table 1)?

As mentioned above, as well as full and unconditional ownership, other possible types of tenures can be classified based on nature of them. On one hand, there are tenures that derive from a limited real right such as usufruct and habitation, and on the other contract-based tenures such as leases and hire-sale contracts.

4.2. Regulatory types of tenures without a public task

- Please describe the regulatory types in the rental sector in your country that do not have a public task. This category may be called private or market rental housing.³⁶
 - Different types of private regulatory rental types and equivalents:
 - Rental contracts

Residential rental contracts are regulated by the provisions of Cap. 149. Lease is defined as a contract whereby one contracting party (landlord) assigns the other (tenant) the absolute use of a property for a certain period of time, while the tenant accepts the obligation to pay the rent agreed.

The hire-sale contract is defined as a contract whereby one of the parties assigns the other the use of a property for a certain period of time, in exchange for regular payments made by the latter. However, at the end of the contract, the assignee is entitled to purchase the property at a previously agreed price.

- Are there different intertemporal schemes of rent regulations?

At present there are not any intertemporal differentiations regarding the applicable regulations to rent contracts. All rent contracts have been completely liberalized pursuant to the provisions of Laws 1703/1987 and 2235/1994.

- Are there regulatory differences between professional/commercial and private landlords?

³⁵ **I.e. all types of tenure apart from full and unconditional ownership.**

³⁶ Market rental housing means housing whereby the drawing up of contracts is determined by rent price and not social rules of allocation based on need.

Cypriot Law does not provide any kind of regulatory differences between a professional/commercial and private landlord.

- Briefly: How is the financing of private and professional/commercial landlords typically arranged (e.g. own equity, mortgage based loan, personal loan, mix, other)

As it has already explained above, private landlord primarily finances the construction of dwellings from his own savings, mortgaged based loans, as well as by another type of mixed work contract³⁷. The only difference which could be reported regarding the professional landlord, would be the fact that he could have access to professional bank lending, the interest rate of which would be lower.

- Apartments made available by employer at special conditions

There is no differentiation as to the applicable regulation in case an employer provides its employees with residential dwellings. The fact that special conditions as to the price or the obligations of the parties will be determined based on the parties' autonomy.

- Mix of private and commercial renting (e.g. the flat above the shop)

There is no special regulation of mixed private and commercial renting, in the sense that within the same condominium, there might be dwellings used as professional premises and others used for residential purposes. Each tenancy will be confronted distinctively and appropriate regulation will apply.

- Cooperatives

There is no special regulation as to the tenure of a dwelling purchased or rented by a constructional cooperative.

- Real rights of habitation and usufruct

As already explained above, usufruct is defined as the limited real right which provides the beneficiary with the right to make use and enjoy the fruits or profits of immovable property belonging to another. However, despite the fact that the beneficiary of usufruct does have the power to validly conclude a rent contract, he is however deprived of the power to transfer the thing.

Habitation, on the other hand, does not provide the beneficiary with the power of complete use, but only allows the latter to exclusively use the immovable property as his home.

Both of the above rights are regulated by the provisions of Cap. 224

³⁷ See above under 1C.

- Any other relevant type of tenure

4.3. Regulatory types of tenures with a public task

All answers regarding tenure types that contain a public task element are given under 3.6 Subsidisations.

- Please describe the regulatory types of rental and intermediary tenures with public task (typically non-profit or social housing allocated to need) such as
 - Municipal tenancies
 - Housing association tenancies
 - Social tenancies
 - Public renting through agencies
 - Privatised or restituted housing with social restrictions
 - Public entities (e.g. municipalities) taking over private contracts, typically for poor tenants to counteract homelessness
 - Etc.
- Specify for tenures with a public task:
 - selection procedure and criteria of eligibility for tenants

Answer is given under 2.3 Subsidisation.

- typical contractual arrangements, and regulatory interventions into, rental contracts
- opportunities of subsidization (if clarification is needed based on the text before)
- from the perspective of prospective tenants: how do I proceed in order to get “housing with a public task”?

- Draw up summary table 9 which should appear as follows:

<p>Rental housing without a public task (market rental housing for which the ability to pay determines whether the tenant will rent the dwelling); for example different intertemporal schemes of different landlord types with different tenancy rights and duties</p>	<p>Main characteristics</p> <ul style="list-style-type: none"> • Types of landlords • Public task • Estimated size of market share within rental market • Etc.
<ol style="list-style-type: none"> 1) Private rental tenancy a 2) Private rental tenancy b 3) Private rental tenancy c 4) Etc. 	
<p>Rental housing for which a public task has been defined (Housing for which government has defined a task; often non-profit or social housing that is allocated according to</p>	

need, but not always)	
5) Municipal tenancy 6) Housing association tenancy 7) Social tenancy 8) Etc.	

- For which of these types will you answer the questions in Part 2; which regulatory types are important in your country?
 - 1) Rent Contracts.
 - 2)
 - Etc.

5. Origins and development of tenancy law

- What are the origins of national tenancy law and where was and is it laid down (civil code, special statute, case law)?

As already explained above, lease is defined as the contract whereby one contracting party (landlord) assigns the other (tenant) with the absolute use of a property for a certain period of time, while the tenant accepts the obligation to pay the rent agreed. A lease contract is a personal contract and as such is regulated by the provisions of Cap. 149 “*on contracts*”³⁸. Cap. 149 is the codification result of English contract law, as the latter derives from Common Law and the Equity principle. Particularly, Cap. 149 repeated – with some minor changes – the previous codification of English Law which took place during the second half of the 19th century and resulted in the Indian Contract Law³⁹. Thus, it can be stated that Cypriot Contract Law provides a well-known and stable legal status, which mostly follows English jurisprudence⁴⁰.

The above is confirmed by art. 2 par. 1 of Cap. 149⁴¹, according to which: “*This Law shall be interpreted in accordance with the principles of legal interpretation obtaining in England, and expressions used in it shall be presumed so far as is consistent with their context, and except as may be otherwise expressly provided to be used with the meaning attaching to them in English law and shall be construed in accordance therewith*”.

It should, however, be stressed that Cyprus is and remains an independent nation. Thus, English jurisprudence applies and is taken into consideration by the Cypriot jurisdiction, not as a binding but as a persuasive precedent. Therefore, Cypriot judges may differentiate their judgment by a justified opinion, when they find that English solutions are not deemed appropriate for local needs⁴².

On the other hand, Cypriot tenancy law is greatly characterized by the existence of a special rent control statute known as Rent Control Law 23/1983⁴³. Said law provides *eo ipso* for the cases it applies, and, hence, Cypriot tenancy law is divided into two major categories; on one hand, there is the free market, where the parties’ autonomy of will predominates, and on the other, we find the tenancies covered by the Rent Control Law, which imposes serious restrictions and limitations to tenancy contracts.

Moreover, it should be stressed that Cap. 149 contains only the general principles of contract law, and does not regulate specific contracts, such as tenancy. In this respect, specific regulation on this kind of contracts is completely exempt from the Cypriot legal system. Therefore, as will be reported below, most of the issues that arise can only be answered with reference to contractual terms.

Finally, due to the fact, as it will be developed below, specific issues of Cypriot tenancy law may be regulated by provisions of Real Property Law, these can be found in

³⁸ In Greek: “Ο περί συμβάσεων Νόμος Κεφ. 149

³⁹ Indian Contract Act 1872.

⁴⁰ Philippe Jougleux, *Elements of Cypriot Law of Obligations (in Greek: Στοιχεία Κυπριακού Ενοχικού Δικαίου)*, (Athens – Thessaloniki Sakkoulas Publications, 2011), 3.

⁴¹ Art. 22 par. 1 Cap. 149 (in Greek): «Ο Νόμος αυτός ερμηνεύεται σύμφωνα με τις αρχές νομικής ερμηνείας που επικρατούν στην Αγγλία, και οι εκφράσεις που χρησιμοποιούνται σε αυτόν θεωρούνται κατά τεκμήριο ότι χρησιμοποιούνται με την έννοια, την οποία απέδωσε σε αυτές το αγγλικό δίκαιο, και τυγχάνουν ανάλογης ερμηνείας στο μέτρο κατά το οποίο η ερμηνεία αυτή δεν αντίκειται στο περιεχόμενο του κειμένου και νοουμένου ότι δεν προνοείται ρητά κάποια άλλη έννοια».

⁴² Jougleux, 2.

⁴³ In Greek: «Ο περί Ενοικιοστασίου Νόμος 23/1983.

Cap. 224. However, Cypriot real property law is an exception from the common law principle and traces its origins to the Romanic civil law tradition.

- Who was the political driving force? Was it based on a particular legal philosophy (e.g. socialism)? Is there a particular philosophy behind the rules (e.g. protection of the tenant's home as in Scandinavia vs. just a place to live as in most other countries)

The political philosophy behind the institution of Rent Control Law 23/1983 is inextricably connected with the tragic events which took place in Cyprus in 1974-1975. As mentioned above⁴⁴ Turkey invaded and occupied 37 % of Cypriot national territory, while approximately 200,000 Greek Cypriots were forced to move to the 'free' part of the country. Thus, the special protection of tenants was obviously a matter of urgency at the time, as almost 1/3 of the Cypriot population was chased from their homes. However, nowadays, the initial purpose of the Rent Control Law is highly criticized⁴⁵, due to the fact that the vast majority of the cases brought before rent control courts are rarely connected with expatriated tenants whose residential needs have to be preserved due to a lack of available residential dwellings. On the contrary, most current cases are of a business and commercial character.

- What were the principal reforms of tenancy law and their guiding ideas up to the present date?

Regarding Cypriot rent control legislation, which is the only Cypriot statute regarding tenancy law, the first relevant Law was voted before Cypriot independence and was known as Cap. 86 Rent (Control) Law. Cap. 86 was partially replaced by the Rent Control (Work Dwellings) Law of 1961, which was further amended by Law 39/61. The latter provided for fixed rent of work dwellings as well as restricting evictions from them. Cap. 86 was amended by Law 8/68, which replaced the Rent Councils by the District Courts.

After the disruptions of 1963—1964 the Law on "*the relief of suffering tenants*" of 1965 was voted by the Parliament of Representatives. Said legislation concerned the rent fixing as well as restricting evictions from work dwellings in disadvantaged areas due to non-payment of rents, after 01/12/1963.

After the Turkish invasion, the Law on immovable residential dwellings (Provisional Provisions) of 1975 was introduced, which instituted special provisions for residential dwellings during the unsettled period. The above Law was annulled by Rent Control Law 36/1975. Law 36/1975 annulled all previous legislation including Cap. 86. Finally, Law

⁴⁴ See above pg. 2.

⁴⁵ L. Kammitisi, President of Rent Control Court, Lecture on Rent Control, available online at: <http://www.supremecourt.gov.cy/judicial/sc.nsf/All/6BAC0BAE96B0C7BCC22573A2006ECA43?OpenDocument&print>

36/1975 was annulled by Rent Control Law 23/1983 which is still in force today, though it has been amended several times.

It should be mentioned that all the above legislative initiatives, apart from the ones introduced during the period of the Turkish invasion as well as Law 23/1983, were identical to English legislation in force at the time, and namely the Increase of Rent and Mortgage Interest (Restrictions) Act 1920, Landlord and Tenant Act 1927, Rent and Mortgage Restrictions (Amendment) Act 1933, Furnished Houses (Rent Control) Act 1946, Landlord and Tenant (Rent Control) Act 1949 and 1954, as well as the Rent Acts of 1957, 1965 and 1977. Thus, English case law is very illustrative and instructive for the interpretation of Cypriot Law. However, it should be stressed that the landlord-tenant relationship shows a greater deal of complexity in England, where although the vast majority of tenancies is controlled, they do not easily become statutory. On the contrary, in Cyprus, almost all tenancies inevitably become statutory, unless the dwelling in question is of very recent build.

- ~~Do other forms of “lawful possession” of a premise for housing purposes (e.g. usufruct, licence etc) play a role? (deleted as contained in part 1)~~
- Human Rights:
 - To what extent and in which fields was tenancy law since its origins influenced by fundamental rights enshrined in
 - the national constitution
 - international instruments, in particular the ECHR

The provisions of the Cypriot Constitution that could somehow influence and partly justify the regulation of Cypriot tenancy law can be summarized as follows:

- i. Art. 9 which gives every person the right to adequate living conditions and social security.
- ii. Art. 15 (1), which gives every person the right for his private and family life to be respected..
- iii. Art. 16 (1) which states that every person’s residence be inviolate.
- iv. Art. 23 (1) which protects the right to private property.
- v. Art. 26 (1) which institutes the right of contractual freedom.
- vi.. It should at this point be mentioned that the above right has been judged⁴⁶ to refer to *“the right to enter into legal contracts, and not the rights created thereunder”*.

- international instruments, in particular the ECHR

the following provisions of public international law could have an impact on the Cypriot tenancy law regulation.

⁴⁶ Chimonides v. Manglis (1967) 1 CLR, 125.

i. Art. 31 of the European Social Charter, according to which “*With a view to ensuring the effective exercise of the right to housing, the Parties undertake to take measures designed: to promote access to housing of an adequate standard; to prevent and reduce homelessness with a view to its gradual elimination; to make the price of housing accessible to those without adequate resources*”.

ii. Art. 8 of the European Convention of Human Rights, according to which “*Everyone has the right to respect for his private and family life, his home and his correspondence*”.

- Is there a constitutional (or similar) right to housing (droit au logement)?

As cited above the Constitution of the Republic of Cyprus contains no special provision explicitly acknowledging a constitutional right to housing. However, the provision of art. 9 of the Constitution provides that ‘*Every person is entitled to adequate living conditions and social security*’. The right to adequate living conditions should be considered to include the right to adequate housing, since it is beyond a doubt that housing fulfills person’s most basic needs. Concerning the relationship between housing policy with welfare state concepts, it should be noted that the basic foundation for the State to introduce such a policy is the social duty assigned to the State to ensure a minimum of living standards. Said duty is also reflected in the different tax subsidies and reliefs.

6. Tenancy regulation and its context

6.1. General introduction

- As an introduction to your system, give a short overview over core principles and rules governing the field (e.g. basic requirements for conclusion, conditions for termination of contracts by the landlord, for rent increase etc.; social orientation of tenancy law in force; habitability (i.e. the dwellings legally capable of being leased))

As a general introduction to the Cypriot tenancy law system, it should be mentioned that a main role is played by the principle of *pacta sunt servanda*. Cypriot law lacks any specific regulation in the field of tenancy Law, and therefore almost all the issues that may arise should be dealt by contractual stipulations. However, such freedom should also be viewed under the limits imposed by the general clauses included in the provisions of Cap. 149.

As it will be explained below, there are some essential prerequisites in order for an agreement to be legally deemed as a tenancy contract. Moreover, art. 77 (1) Cap. 149 imposes formal requirements which should be observed in order for the contract to be valid.

As far as termination issues are concerned, these are to be decided between the parties upon conclusion of their agreement.

Rent prices, as well as rent increase, depend on the parties' agreement, while the provisions of Rent Control Law 23/1983 – when applicable – may impose restrictions on the will of the parties. Finally, there is no regulation as to the habitability of the dwellings; every dwelling can legally be leased, provided that it can be legally considered as property.

- To what extent is current tenancy law state law or infra-national law (if legislative jurisdiction is divided: what is the allocation of competencies and for which subject matters)

Given that there exists no infra-national division of the Cypriot state, and, therefore no infra-national laws, such division cannot be conceived. Cypriot tenancy law is purely state law and applies within the entire national territory.

- Is the position of the tenant also considered as a real property right (and therefore also governed by property law) or (only) as a personal (obligatory) right?

According to Cypriot Law, tenancy contract is considered as a personal contract regulated by the Cap. 149 “*on contracts*”, (in Greek: «*Ο περί συμβάσεων νόμος Κεφ. 149* »). The main characteristic which is common to all of Cyprus' contract law is the principle of privity of contracts. According to this principle, contracts create rights and obligations between the contracting parties. Said principle constitutes the semantic differentia between contract and real rights law, whereby the holder can exercise his rights against any person violating them. It should be mentioned that Cap. 149 does not provide for a general definition of the principle of privity of contracts. Nevertheless, such principle refers to the basic essence of contract law, which considers the contract as a form of a special statute⁴⁷ between the contracting parties.

However, there are cases where law affords the parties of a tenancy contract rights that appertain to real property law.

Thus, as has already been mentioned above⁴⁸, there are cases in which the provisions of Cap. 224 recognise real property power to long-term leases. Thus, leases drawn up for more than fifteen years can be registered with the Land Registry and award time-limited immovable property ownership rights to the tenant⁴⁹. This right, which was introduced to the Cypriot legal system with Law 2/1978, reflects the hybrid character of tenancy, pertaining to the coexistence of a personal and real property right - known as “estate in land” - and which was recognized by English Common Law from the Middle Ages⁵⁰.

⁴⁷ Jougoux, 80.

⁴⁸ See above pg. 6

⁴⁹ Synodinou, 177.

⁵⁰ Synodinou, 175; Papandreou – Deterville M.D., *Le Droit Anglais de biens*, (L.G.D.J. 2004), 254.

It should be stressed that if the tenancy contract is lawfully registered with the Land Registry, then the tenant's time-limited ownership right can be lawfully transferred, mortgaged, inherited, or auctioned to a third person. In fact, if the tenancy contract is not registered – despite being drawn up for more than fifteen years - then no real property right is created anyway and the tenancy remains purely personal.

- To what extent is the legislation divided up into general private law and special statutes? To what extent are these rules mandatory and dispositive? Does the relationship between general and special rules work properly so as to create legal certainty?

As already mentioned herein above, legislation applying to tenancy contracts is laid down in Cap. 149 and in Rent Control Law 23/1983, while the contract itself plays the most crucial role regarding the rights and obligations of the parties.

Both of the above statutes contain mandatory rules. However, it should be mentioned that Cap. 149 contain the basic rules on contracts, and, consequently, no special rules on tenancy contracts are to be found between its provisions. The only exception therefrom is art. 77 (1) which provides for the formal requirements that should be met for the valid conclusion of a tenancy contract of more than one year, and which will be analysed below.

- What is the court structure in tenancy law? Is there a special jurisdiction or is the ordinary one competent? What are the possibilities of appeal?

Regarding the court structure in tenancy law, reference should be made to the basic division of tenancy contracts, i.e., the ones belonging to the free market and the ones falling within the application of Rent Control Law 23/1983. Therefore, if a specific tenancy does not fulfill the conditions of Rent Control Law 23/1983, then any dispute arising from the tenancy contract is dealt with by the district court. In fact, if the tenancy is covered by Rent Control Law 23/1983, then a special jurisdiction is instituted by art. 4 of the above Law.

As for the matter of jurisdiction between the two courts, Judge Pogiatis of Cyprus Supreme Court has decided⁵¹:

“There is no question of the District Court and the Rent Control Court having concurrent jurisdiction on the same dispute. If the dispute refers to any matter which either – a)arises during the application of the Rent Control Law of 1983, or (b) concerns any incidental or supplementary matter, the Rent Control Court has exclusive jurisdiction to determine such dispute under section 4(1) of the Law. In all other cases the jurisdiction rests with the District Court.

No difficulty arises in cases which fall under category (a) above. The main theme of the Rent Control Law is:

- i. The restriction of the power of the Court to make eviction orders to the cases exhaustively enumerated in section 11(1) of the Law,*

⁵¹ Papageorgiou v. Karayiannis (1988) 1 CLR, 571.

- ii. *The regulation under section 8 of the Law on the rent payable in respect of premises to which the Law applies,*
- iii. *The granting of compensation to the tenant in certain cases under the provisions of sections 12, 13 and 15 of the Law,*
- iv. *The granting of a new tenancy to the tenant under the provisions of section 14 of the Law.”*

Finally, both the judgments of the District as well as of the Rent Control Courts are subject to appeal before the Supreme Court. It should be noted that the Rent Control Court’s judgments are also subject to review by the same court.

- Are there regulatory law requirements influencing tenancy contracts
 - E.g. a duty to register contracts; personal registration of tenants in Eastern European states (left over of soviet system)

There are specific regulatory law requirements influencing tenancy contracts.

- Regulatory law requirements on - new and/or old - habitable dwellings capable of being rented - e.g. on minimum size, number of bathrooms, other mandatory fittings etc.

Cypriot law does not provide for any specific requirements as to the “*habitability*” of the rented dwellings. The only provision that could apply in this respect would be art. 9 of the Constitution of Cypriot Republic referring to every person’s right to adequate living conditions. However, due to the adequacy of available dwellings, as explained in part 1 of the present report, no relevant jurisprudence can be reported.

- Regulation on energy saving

The only cases that could be respectively mentioned concern the provisions of Laws 141/2006 and Law 30/2009, according to which every tenancy contract should be accompanied by an Energy Sufficiency Certificate. However, the absence of such a Certificate does not seem to have any effect to the validity of the contract, provided that the general conditions for the valid conclusion of the contract are fulfilled.

~~What is the role of estate agents? What are the usual services they provide in the area of rental housing? Deleted as dealt with elsewhere~~

6.2. Preparation and negotiation of tenancy contracts

Preliminary Note: We suggest that for each section (b through g) and each tenancy type some concluding remarks should be provided in a summary table about the rights and duties of tenant and landlord and the main characteristics (in telegram style).

Example of table for b) Preparation and negotiation of tenancy contracts

	Main characteristic(s) of tenancy type 1	Main characteristic(s) of tenancy type 2, etc.	(Ranking from strongest to weakest regulation, if there is more than one tenancy type)
Choice of tenant			
Ancillary duties			

- Freedom of contract
 - Are there cases in which there is an obligation for a landlord to enter into a rental contract?

As it has been explained above, the constitutional keystone of Cypriot contract law is found within art. 26 (1) of the Cypriot constitution which institutes contractual freedom. The above right is further extended to the person's right to choose his contracting party, the right to draw up a contract or not, the right to stipulate the content of a contract as well as the right to terminate said contract.

As part 1 of this report has repeatedly explained, Cypriot Law does not provide for any kind of tenancies with a public task. Therefore, the only possibility in which a landlord would be obliged to enter into a rental contract would essentially rely on cases of antidiscrimination issues. However, due to the amount of available dwellings, Cypriot courts have never dealt with such cases.

- Matching the parties
 - How does the landlord normally proceed to find a tenant?

It should first be highlighted, that there is no official regulation on procedures a landlord must follow when looking for a tenant.

However, according to common day practice, the landlord usually places a "for rent" sign outside the dwelling. This sign usually contains some information on the number of rooms and facilities available, though mostly there is no mention of the rent amount, so that this can be negotiated. Finally, the rent signs always contain the landlord's contact information.

Moreover, landlords usually publish rent ads either in newspapers or on the Internet.

As a final possibility, landlords can turn to professional real estate agents, who undertake to find a tenant. Nevertheless, it should be stressed that real estate agents intervene mostly in commercial leases, where the rent premiums are incomparably higher and the contractual issues more complex

- What checks on the personal and financial status are lawful and usual? In particular: May the landlord ask for a salary statement? May he resort to a credit reference agency and is doing so usual?

There are no regulations that allow a landlord to legally carry out a background check on the personal and financial status of a potential tenant. Any such check, including the provision of a salary statement, would rely on the tenant's willingness to provide such data. In fact, if a landlord were to gather this information by any means, this would be in direct violation of Law 138(I)/2001 that regulates the protection of personal data, and could be cause of civil and criminal liability. Moreover, no kind of credit reference agencies accessible by private individuals operate within the Cypriot territory.

The only lawful procedure that could be undertaken in order for a person to have access to another's tax declaration is a special order issued by the public prosecutor. However, in the cases in question, such an order would not be issued as the landlord lacks legal interest.

- How can information on the potential tenant be gathered lawfully? In particular: Are there blacklists of "bad tenants"? If yes, by whom are they compiled? Are they subject to legal limitations e.g. on data protections grounds?

The only way a landlord could check the financial status of a potential tenant would be through the land registry office, where he could check whether any of the tenant's immovable property had been seized or re-mortgaged. Black lists of "bad tenants" do not exist, as such lists would directly violate data protection legislation.

- What checks may and does the tenant carry out on the landlord (e.g. to avoid being trapped by a swindler landlord)

The same applies to any checks that a tenant could carry out on his potential landlord. However, a check with the land registry would be much more effective for the tenant as he would at least be able to verify whether or not a landlord owns the property he is renting out.

- Services of estate agents (*please note that this section has been shifted here*)

- What services are usually provided by estate agents?

Pursuant to Law 71 (1) /2010 “*on real estate agents*”, which regulates the profession of a real estate agent, the main service a real estate agent provides consists in suggesting opportunities, or intervening in the drawing up of contracts on real estates, and especially sales, exchanges, tenancies, leasing, etc.

Thus, real estate agents undertake to find a potential tenant on behalf of the landlord, and subsequently to draw up the tenancy agreement based on their client’s mandate. In this respect, estate agents usually advertise a dwelling for rent, show interested persons the dwelling, provide information regarding its facilities, negotiate the rent to be paid – in accordance with the landlord – and bring the parties into contact in order to sign the tenancy contract.

- To what extent are estate agents regulated? In particular: are there rules on how an agent should present a house, i.e. on the kind of information which needs to be given?

Law 71(1)/2010 regulates the estate agents profession by regulating the basic qualifications that a person should have in order to become an agent by law, defining the essential content of a real estate agency contract and instituting disciplinary penalties.

Art. 21 of the above Law imposes a set of obligations to real estate agents, mostly pertaining to information that they need to give before concluding any contract. Thus, real estate agents should inform both landlord and tenant on the qualities of the real estate in question, as well as on any defects that have come to their knowledge. Moreover, if a real estate agent has been given a double mandate – i.e., both landlord and tenant have commissioned the same agent – this should be known to both parties. Similarly, the parties should be informed if the agent has any personal interest in a specific dwelling. Finally, special confidentiality duties are imposed on estate agents, who should not reveal the personal and economic data of their principals, apart from those that are essential for the conclusion of the contract.

- What is the usual commission they charge to the landlord and tenant? Are there legal limitations on the commission?

Firstly, it should be pointed out that the real estate agent’s commission relies upon the parties’ negotiations and agreement. However, pursuant to art. 20 (2) Law 71 (1)/2010 in cases where the commission has not been agreed between the parties, then the real estate agent’s commission amounts to 3% of the value of the transaction.

Finally, in case of a tenancy contract, the commission charged will amount to two months' rent, divided equally between landlord and tenant.

- Ancillary duties of both parties in the phase of contract preparation and negotiation (“culpa in contrahendo” kind of situations)

The notion of *culpa In contrahendo* does not seem to be known under the Cypriot legal system.

6.3. Conclusion of tenancy contracts

Example of table for c) Conclusion of tenancy contracts

	Private Rental	Main characteristic(s) of tenancy type 2, etc.	Ranking from strongest to weakest regulation, if there is more than one tenancy type
Requirements for valid conclusion	No special form is required. Exception: Tenancies concluded for a term exceeding one year should be executed in writing and in the presence of two witnesses.		
Regulations limiting freedom of contract	General principles for valid conclusion of the contract applies.		

- Tenancy contracts
 - distinguished from functionally similar arrangements (e.g. licence; real right of habitation; **Leihe, comodato**)

As mentioned above, a tenancy contract is considered as a purely personal contract that creates rights and obligations only between the contracting parties and whereby the parties' autonomous will play a crucial role.

A tenancy contract is well distinguished from the real right of habitation, (in Greek: «*Οίκηση*»), as the latter is a real right, affording its holder full protection against any person attempting to infringe. Habitation does not provide the beneficiary with the power

of complete use, but only awards the latter exclusively use of the immovable property as his home⁵². Therefore, the beneficiary of a habitation may use an immovable property that belongs to another, solely for residency purposes.

The same assertions apply to the real right of usufruct (in Greek: «*Επικαρπία*»). Usufruct is defined as a limited real right that gives the beneficiary the right to make use and enjoy the interest or profits of immovable property belonging to another. However, despite the fact that the beneficiary of usufruct does have the power to validly sign a rent contract, he is however deprived of the power to transfer the property⁵³.

Moreover, tenancy contracts are also distinguished from contracts of commodatum or loan for use (in Greek: «*Χρησιδάνειο*). Commodatum is defined⁵⁴ as a contract whereby one of the contracting parties (lender for use) yields to the other (borrower for use) the use of property without reward, and the borrower for use undertakes to return the property upon expiration of the contract. Although the contract of loan of use is without a doubt closer to the nature of a tenancy contract – both being personal contracts –, there is a significant difference; a tenancy contract requires that the tenant pay rent, whereas in case of a loan for use contract, the only obligation on the borrower's part is to return the property upon expiration of the contract.

Finally, a distinction should be made between tenancy and license for use. The Cypriot Supreme Court has repeatedly dealt with this distinction⁵⁵. In deciding whether the parties have concluded a tenancy contract or a license for use, several factors should be taken into account. Firstly, the nature of the relation created between the parties is independent of the words used. Moreover, the Court should not only review the relevant deed, but should consider the transaction as a whole. The concession of an exclusive right of possession is of crucial importance, while monthly payments are not deemed enough in order for a tenancy contract to be affirmed.

- specific tenancy contracts, e.g. contracts on furnished apartments; student apartments; contracts over room(s) only (e.g. student rooms); contracts over rooms or apartments located in the house in which the landlord lives himself as well. Please describe the legal specificities in these cases.

There are no regulations that specify tenancy contracts when the object of the contract is a furnished or student apartment. Such contracts are regulated as normal tenancy contracts. However, in the case of a furnished apartment, it is advised that an inventory be carried out before the property is entered.

In those cases regarding rooms or apartments located within the house in which the landlord also lives, the only criteria to report would be the fact that the tenant would probably be given the exclusive use of his room, as well as co-use of other parts of the dwelling. This is why in such cases, it is highly advisable that the parties sign a written

⁵² Synodinou, 153.

⁵³ Synodinou, 152.

⁵⁴ Ioannou v. Kounnidi, 1998 (1) CLR

⁵⁵ Aggelidis & Fillipou v. Kolokasidis Estates (1991) 1 CLR, 327; Michailidou v. Municipality of Nicosia (1997)1 (a) aad 18; Karesiou v. Karapita a.o. (2002) 1 (A) CLR 338.

agreement, stipulating the rights and obligations over the common parts, in order to safeguard all legal and factual certainties.

- Requirements for a valid conclusion of the contract

- formal requirements

As a general rule, it should be mentioned that pursuant to the provisions of Cap. 149, formality is not a prerequisite for the conclusion of the contracts, which can, therefore, be validly concluded either in written, orally or following a certain behaviour of the parties⁵⁶. Indeed, pursuant to art. 10 (1) Cap. 149⁵⁷ *“All agreements are contracts if they are made by the free consent of parties competent to contract for a lawful consideration and with a lawful object, and are not hereby expressly declared to be void and may, subject to the provisions of this Law, be made in writing, or by word of mouth, or may be implied from the conduct of the parties”*.

However, pursuant to the provision of art. 77 (1) Cap. 149⁵⁸ *“Contracts relating to leases of immovable property for any term exceeding one year shall not be valid and enforceable unless a) expressed in writing; and b) signed at the end thereof in the presence of at least two witnesses themselves competent to contract who have subscribed their names as witnesses by each party or by a person who is himself competent to contract and who has been duly authorized to sign on behalf of such party”*.

Consequently, it is obvious that if the tenancy refers to an immovable and is concluded for a term exceeding one year, then it should be made in writing with the presence of two witness, otherwise the contract is void.

- is there a fee for the conclusion and how does it have to be paid? (e.g. “fee stamp” on the contract etc)

Cypriot law does not provide for any “fee stamp” or any other kind of fee for the valid conclusion of a residential tenancy law contract.

⁵⁶ Jougleux, 5.

⁵⁷ Art. 10 (1) Cap. 149: «Συμβάσεις είναι όλες οι συμφωνίες οι οποίες καταρτίζονται με την ελεύθερη συναίνεση μερών ικανών προς το συμβάλλεσθαι για νόμιμη αντιπαροχή και νόμιμο σκοπό, οι οποίες δεν χαρακτηρίζονται ρητά από το Νόμο αυτό ως άκυρες τηρουμένων των διατάξεων του Νόμου αυτού, οι συμβάσεις δύνανται να καταρτίζονται γραπτά ή προφορικά, ή μερικώς γραπτά και μερικώς προφορικά, ή δύνανται να συνάγονται από τη συμπεριφορά των μερών».

⁵⁸ Art. 77 (1) Cap. 149: «Σύμβαση που αφορά τη μίσθωση ακίνητης ιδιοκτησίας για περίοδο που υπερβαίνει το ένα έτος δεν είναι έγκυρη και εκτελεστή εκτός αν-

(α) είναι γραπτή~ και

(β) υπογράφεται στο τέλος αυτής, από το κάθε πρόσωπο που βαρύνεται από τη σύμβαση ή από πρόσωπο το οποίο είναι ικανό προς το συμβάλλεσθαι και το οποίο έχει δεόντως εξουσιοδοτηθεί να υπογράψει εκ μέρους του πιο πάνω προσώπου στην παρουσία δύο τουλάχιστο μαρτύρων ικανών προς το συμβάλλεσθαι, οι οποίοι και προσυπογράφουν τη σύμβαση ως μάρτυρες».

- registration requirements; legal consequences in the absence of registration.

Land register

As it has been already mentioned hereinabove pursuant to the provision of art. 65B (1) Cap. 224⁵⁹ *“When immovable property is leased for a term exceeding fifteen years, no real property right is whatsoever acquired, unless, pursuant to the provisions of present Section, such lease is registered according to the provisions of present article».*

It is clear that art. 65B (1) Cap. 224 does not impose any kind of obligation for registration of a tenancy exceeding fifteen years. On the contrary, it only provides for an option in order for a type of time limited ownership right over the rented dwelling to be acquired by the tenant. The major advantage of such a registration is the transferability of the right afforded to the tenant. It is obvious that if the registration does not take place, then the landlord-tenant relationship remains purely personal. Finally, it should be pointed out that the registration should be performed within three months from the conclusion of the tenancy contract.

Note: If relevant, please distinguish the various existing registers, e.g. land register, tax register, register of domicile.

- Restrictions on choice of tenant - antidiscrimination issues
 - EU directives (see enclosed list) and national law on antidiscrimination

Cypriot antidiscrimination law is laid down on Law 42 (I)/2004 which mainly transposed the provisions of Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin. Law 42(1)/2004 explicitly prohibits any discriminative practice is based on racial or ethnic origin, religion, beliefs, community, language, colour, special needs, age and sexual orientation. As to the sectors covered by the above law, it should be mentioned that pursuant to the provision of art. 6, housing makes part of the Law's scope of application. Thus, it could be argued that a restriction on the choice of a tenant, which only relies on a discriminative basis, should be prohibited. However, above Law does not seem to provide any remedy in order for the potential tenant to oblige a landlord to conclude a tenancy contract.

- Limitations on freedom of contract through regulation
 - mandatory provisions in rental contracts, in particular: mandatory minimum requirements of what needs to be stated in a tenancy contract

There is no special regulation regarding the mandatory minimum requirements of what needs to be stated in a tenancy contract. Thus, this question should be answered in reference to the conceptual definition of tenancy, according to which the essential

⁵⁹ Art. 65B (1) Cap. 224: *«Όταν ακίνητη ιδιοκτησία εκμισθώνεται για περίοδο που υπερβαίνει τα δεκαπέντε έτη, κανένα εμπράγματο δικαίωμα δεν αποκτάται με τη μίσθωση εκτός αν, τηρουμένων των διατάξεων του Μέρους αυτού, αυτή εγγραφεί σύμφωνα με τις διατάξεις του άρθρου αυτού».*

elements of a tenancy contract could be stated. As already explained above, tenancy is defined as a contract whereby one contracting party (landlord) assigns the other (tenant) the absolute use of a property for a certain period of time, while the tenant undertakes to pay the rent agreed.

Therefore, the **essential elements** that a contract must include to be qualified as a tenancy contract are the following:

a. Leasehold: The object of a tenancy contract is to hand over the use of a property, defined as the “leasehold”.

b. Rent⁶⁰: Rent is the fee owed by the tenant to the landlord for use of the dwelling. Rent usually consists in an amount of money; however, it can also, either totally or partially, be agreed as a non-pecuniary payment.

c. Agreement to hand over the exclusive use of the dwelling: Such an agreement is distinguishes the tenancy contract from similar contracts.

d. Certain time period: According to Cypriot law⁶¹, a tenancy contract in which the duration is not defined by the parties, does not constitute a valid contract, and is therefore null and void. Moreover, according to the same law, the tenancy agreement must also include the start date of the tenancy.

- control of contractual terms (EU directive and national law); consequences of invalidity of contractual terms

Given that the content of a tenancy contract is the most important factor in any relationship between the parties, some general clauses contained in Cap. 149 may limit the contractual freedom of the parties.

The only general clause of Cap. 149 that seems to apply in the case of a tenancy contract is the one stipulated by art. 24⁶², which states, “*If any part of a single consideration for one or more objects, or any one or any part of any one of several considerations for a single object, is unlawful, the agreement is void*”.

EU directives on excessive clauses in consumer contracts, although made national law by Law 93(I)/1996, as amended and lawful today, do not seem to be of any significance in residential tenancy contracts. Given that the application of any consumer protection legislation requires the existence of a B2C relation, Cypriot practice has not shown any relevant examples, due to the absence of “professional landlords”.

- statutory pre-emption rights of the tenant

⁶⁰ According to E.H. Burn and J Cartwright, Chesire and Burn’s *Modern Law of Property, case and materials*, (Oxford University Press, 9th edition, 2009), 196, the existence of a rent premium is not deemed as an essential element of the tenancy.

⁶¹ *Alpan Furnishings Limited v. Savva Dimadi* (1989) CLR, 170.

⁶² Art. 24 Cap. 149: “*Αν οποιοδήποτε μέρος μιας και μόνης αντιπαροχής για ένα ή περισσότερους σκοπούς ή μία οποιαδήποτε αντιπαροχή ή οποιοδήποτε μέρος μιας από περισσότερες αντιπαροχές για ένα και μόνο σκοπό, είναι παράνομος, η συμφωνία είναι άκυρη*».

Cypriot law does not provide for any statutory pre-emption right of the tenant, awarding the latter the right to sign a tenancy contract for a certain dwelling before it can be offered to any other person or entity.

However, based on the principle of contractual freedom, such a right could be the content of a contract.

- are there provisions to the effect that a mortgagor is not allowed to lease the dwelling (charged by the mortgage) or similar restrictions?

No such provisions exist within Cypriot Law. The dwelling charged by the mortgage can be validly rented.

6.4. Contents of tenancy contracts

Example of table for d) Contents of tenancy contracts

	Private Tenancy		Main characteristic(s) of tenancy type 2, etc.	Ranking strongest weakest regular if there is more than one tenancy type
Description of dwelling	The dwelling should be identifiable, no need for detailed description.			
Parties to the tenancy contract	Natural or legal persons.			
Duration	The contract should be fixed for a certain period.			
Rent	Freely negotiable between the Parties			
Deposit	Freely negotiable between the Parties.			
Utilities, repairs, etc.	According to the provisions of the contract. Common practice			

	shows that utilities are paid by tenant.			
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- Description of dwelling; indication of the habitable surface (and consequences in case of the provision of wrong data)

As already reported above, dwellings are among the so-called essential elements for a tenancy contract. Thus, its facilities should be clearly described as should its habitable surface. However, this does not mean that the dwelling needs to be described in writing, as an agreement between the parties to say that a specific dwelling is the object of their contract suffices. In case the wrong data is provided, this should be considered as a defect of the dwelling.

- Allowed uses of the rented dwelling and their limits
 - In particular: to what extent are mixed (residence/commercial) contracts lawful and usual (e.g. having a shop, a legal office or a doctor's studio in the dwelling)

Regarding the permitted use of the rented dwelling, it should firstly be mentioned that the use permitted is subject to the contracting parties' wish. If there is no explicit agreement on the matter, the permitted use should be determined according to principles of good faith and morals of the transactions. Therefore, we should always consider the common use of a specific dwelling as permitted. As for the common character of the use, this should be determined based on the specificities and nature of the dwelling. For example, in the case of industrial lease, tenants should be allowed to carry out all pertinent uses; on the other hand, in the case of residential lease, the dwelling cannot be used for commercial purposes, unless a specific agreement exists and such use does not violate any other provisions of law.

It is obviously extremely important to agree the permitted use of the dwelling, as this use will determine any special character of the tenancy (commercial, residential, etc.). Moreover, the type of use may render the contract null and void, if said use is prohibited by mandatory or regulatory provisions of law (illegal gambling, etc.).

Finally, it should be mentioned that the case of mixed tenancy contracts does not seem to cause any problems under Cypriot law, as there is no differentiation as to the legislation applied. Particularly, Rent Control Law 23/1983 applies both in tenancies for residential as well as for commercial leases. The only relevant distinction which may cause a different approach would refer to a previous tenant's right to claim compensation for the goodwill of the commercial dwelling, under art. 13 of Rent Control Law. However, since the present report intends to cover only residential leases, this subject will not be further examined.

- Parties to a tenancy contract
 - Landlord: who can lawfully be a landlord?

Although there is no special legal statute regulating who can lawfully be a landlord, this issue is implied by art. 2 of Rent Control Law 23/1983. Thus, for the purposes of the above law⁶³, *“a landlord is considered every natural or legal person, apart from the tenant, who is entitled or would be entitled, [...] to the possession of a certain dwelling”*. It derives therefrom that in order for a person to be lawfully considered as a landlord, they should either be the real owner or have any other legal right to administrate the dwelling (e.g., holder of a usufruct right). Moreover, they should be authorized to sign juridical acts, therefore they should be over eighteen years of age and legally possess the above right.

The above assertion seems to differentiate Cypriot Law from Greek law whereby, due to the character of the tenancy contract as a personal contract, the law does not require the tenant be the real owner of the dwelling, or have any other lawful right thereon.

- does a change of the landlord through inheritance, sale or public auction affect the position of the tenant?

a. Inheritance – death of Landlord.

Should the landlord die, this event has a precedent, ruled by the Cypriot Supreme Court during the well-known Cypriot litigation between Nikos Rolandis a.o. and the Republic of Cyprus⁶⁴. It was thereby decided that a tenancy contract is a personal contract terminated by the death of one contracting party. Therefore, should one of the contracting parties die, the contract is terminated, and, subsequently, all contractual rights of the tenant, deriving from the tenancy contract, cannot be exercised against the landlord’s heirs.

However, it has been clearly stressed that if tenancy was agreed for more than fifteen years and subsequently registered with the Land Registry, then the contract, which would have acquired a real property power, would bind the new owner. Therefore, the point of reference regarding the continuation, or not, of the tenancy depends on whether the contract has been registered with the Land registry in accordance with art. 65B(1) Cap. 224.

b. Sale/public auction or concession of any other real property right disturbing the tenant’s use.

It is without a doubt that, in cases where the ownership of the dwelling is transferred to a third party during the tenancy contract, the question of the consequences of such a transfer notwithstanding the signed agreement arises. It is imperative to protect the tenant; the tenancy contract does indeed consist in a restriction to the new owner’s right. This question has been dealt with in precedent by the Cypriot

⁶³ Art. 2 Rent Control Law 23/1983: *«[...] ιδιοκτήτης περιλαμβάνει εν σχέσει προς οινδήποτε ακίνητον παν φυσικόν ή νομικόν πρόσωπον, πλην του ενοικιαστού, το οποίον δικαιούται ή θα εδικαιούτο, ανευ των διατάξεων του παρόντος Νόμου, εις κατοχήν ακινήτου».*

⁶⁴ Rolandis and others vs. The Republic of Cyprus (1991) AAD, Case no. 203/90.

Supreme Court through its ruling on *Pantelis Charalampidis vs. Georgios Andrea Konstantinou a.o.*⁶⁵.

The Court, with a majority vote, revoked the decision of the first instance district court, deciding to maintain the validity of the tenancy contract against dwelling's new owners by resorting to the concept of "construction trust" (in Greek: «Εξ επαγωγής εμπίστευμα»). The question arose on whether the new owners of a dwelling were bound by the tenancy contract signed by the previous owner. It should be mentioned that pursuant to Cap. 224 on immovable property, Common law and the principle of equity do not apply in Cypriot land law, and all matters relating to real property rights are regulated solely by Cap. 224. However, trusts are explicitly considered as an exception to the above rule, while constructive trusts, as deriving from the principle of equity, should also be included in the general notion of "trusts". Special reference was made to two previous judgments. According to *Odysseos v. Pieris Estates a.o.*⁶⁶, the exemption does not only refer to express trusts, but should also apply to every kind of trust, including constructive trusts. Moreover, according to *Miltiadous v. Miltiadous*⁶⁷, *"Equitable interests, arising from a trust relationship, are susceptible to precise definition, and in appropriate circumstances may become the subject of registration. The trial Court correctly observed that s. 4 of the Immovable Property (Tenure, Registration and Valuation) Law Cap. 224 expressly exempts trusts from the network of the law, a proposition recently affirmed by the Supreme Court in Odysseos v. A. Pieris Estates Ltd. And Another..."*.

Therefore, it was decided that anyone purchasing a dwelling aware that a tenancy contract has been signed on said dwelling is considered as a constructive trustee towards the tenant, and is consequently bound to respect the obligations of his predecessor.

- Tenant:

- Who can lawfully be a tenant?

Every person – both natural and legal - capable to conclude juridical acts can lawfully be a tenant. Tenancy contracts concluded by incapable persons are null and void.

- Which persons are allowed to move in an apartment together with the tenant (spouse, children etc)?

There is no special statute answering to the question of which persons are allowed to move in an apartment together with the tenant. Such issue should normally be stipulated in the tenancy contract. However, given the constitutional protection that art. 22 (1) of the Cypriot constitution affords to the institution of family, tenant's spouse and children should be always allowed to move in, even in the event of a contract stipulation to the contrary.

- Changes of parties: in case of divorce (and equivalents such as separation of non-married and same sex couples); apartments shared among students (in

⁶⁵ *Pantelis Charalampidis vs. Georgiou Andrea Konstantinou a.o.* (1996) CLR (Civil Appeal 85733).

⁶⁶ *Odysseos v. Pierris Estates a.o.*, (1982) 1 CLR 557.

⁶⁷ *Miltiadous v. Miltiadous* (1982) 1 CLR 1797.

particular: may a student moving out be replaced by motion of the other students); death of tenant

a. Separation

In case of separation⁶⁸ of a married couple, art. 17 (1) of Law 23/1990 “on Family Courts”⁶⁹ provides that *“In the event of separation, or of a notification to the Bishop pursuant to the provision of art. 3 of Law on Conciliation Attempt and Spiritual Dissolution of the Marriage, or of a divorce action file, the Family Court may, upon relevant claim of one of the spouses, if indulgence reasons and after taking into consideration the special conditions of each of the spouses as well as the child’s interest, to concede the exclusive use of the dwelling used as the primary family residence, or part of it, to one of the spouses, independently of who the owner is or of who is entitled with the right to use the dwelling towards its owner. The court’s judgment can be reviewed based on the circumstances. If the right to use the dwelling relies on one’s of the spouses labour contract with a third party, then the use of the dwelling by the Family Court can only be conceded upon the third party’s consent thereto.”* It has been judged⁷⁰ that the intervention of the judge aims to correct or to avoid any further deterioration of the family relation, which would provoke serious negative consequences to its members.

Evidently, problems arise when the court decides to concede the use of the family dwelling to the spouse who was not the contracting party to the tenancy agreement.

It should be firstly noted that even after such a judgment, there is no alteration as to the parties of the contract, which is still valid between the landlord and the initial tenant. Thus, the initial tenant remains liable towards the landlord for the execution of his obligations deriving from the tenancy contract. The tenant is also entitled with the right to terminate the contract upon expiry or to deny its renewal. In such a case, the contract would be validly dissolved, and the spouse, to whom the court judgment conceded the use, should be liable to return the dwelling. However, the latter would most probably have a tort claim against the spouse-tenant, provided that the conditions of tort liability apply.

b. Divorce

⁶⁸ Under Cypriot Law, separation is considered the real condition whereby spouses have ceased to cohabit; however, the marriage has not yet been dissolved by divorce.

⁶⁹ **Art. 17 (1) of Law 29/1990 “On Family Courts”**: «Σε περίπτωση διακοπής της συμβίωσης ή σε περίπτωση που δίνεται γνωστοποίηση στον Επίσκοπο σύμφωνα με το άρθρο 3 του περί Απόπειρας Συνδιαλλαγής και Πνευματικής Λύσης του Γάμου Νόμου ή σε περίπτωση που καταχωρείται αγωγή διαζυγίου, το Οικογενειακό Δικαστήριο μπορεί, ύστερα από αίτηση ενός από τους συζύγους, εφόσον το επιβάλλουν λόγοι επιείκειας και ενόψει των ειδικών συνθηκών του καθενός από τους συζύγους και του συμφέροντος των παιδιών, να παραχωρήσει στον ένα σύζυγο την αποκλειστική χρήση ολόκληρου ή τμήματος του ακινήτου που χρησιμεύει ως κύρια διαμονή των ιδίων (οικογενειακή στέγη), ανεξάρτητα από το ποιος από αυτούς είναι κύριος ή έχει απέναντι στον κύριο το δικαίωμα της χρήσης του. Η απόφαση του Οικογενειακού Δικαστηρίου υπόκειται σε αναθεώρηση, όταν το επιβάλλουν οι περιστάσεις. Αν το δικαίωμα χρήσης της οικογενειακής στέγης πηγάζει από σχέση εργασίας ανάμεσα στον έναν από τους συζύγους και έναν τρίτο, η παραχώρηση της χρήσης της στον άλλο σύζυγο από το Οικογενειακό Δικαστήριο, σύμφωνα με τους όρους της προηγούμενης παραγράφου, μπορεί να γίνει, μόνο εφόσο συναινεί σ’ αυτό και ο τρίτος [...]».

⁷⁰ *Katsouridis v. Katsouridi* (1997) 1 AAD 415.

Nevertheless, when the marriage is irrevocably dissolved by a divorce court judgment the reciprocal obligations of spouses for cohabitation and joint contribution to the family needs cease to exist. Therefore, the spouse-tenant is entitled to demand the dwelling from the spouse to whom the use of the family residence was conceded; children notwithstanding.

c. Death of tenant.

Should the tenant die, the same regulations apply as in the death of the landlord. Thus, due to the character of tenancy as a personal contract, the contract should be deemed terminated.

However, a significant exception to the above rule is inserted by the provision of art. 2 of Rent Control Law, regarding the surviving family of the tenant. Thus, for the purposes of above law, ⁷¹*tenant is considered every natural or legal person who usually resides or has its' seat in Cyprus, and who is the tenant of a rented dwelling, including- [...] (c) the surviving spouse or the child of a tenant, who resided or had its primary place of business in the rented dwelling with the tenant at the time of the latter's death [...] or in case of a residential tenancy, if the tenant does not leave a spouse, or in case of a female tenant, every person of the latter's family who resided with the tenant for a period not less than six months before tenant's death*". It is therefore obvious, that where the provisions of Rent Control Law 23/1983 apply, then the surviving family of the tenant are considered tenants of the dwelling, which had been rented by the deceased.

- Subletting: Under what conditions is subletting allowed? Is subletting being abused e.g. with the aim of circumventing the legal protection of tenants (when the tenant is offered not an ordinary lease contract but a sublease contract only)?

There is no specific regulation regarding the tenant's right to sublet the rented dwelling. Therefore, the reference point regarding subletting depends on the will of the contracting parties. Thus, subletting is freely allowed should no opposing agreement be signed. It is, however, clear that in the case of subletting, the initial tenant is still liable to the landlord, for any default of the sub-tenant.

However, it should be stressed that the sub-tenant's position is clarified by art. 28 of Rent Control Law 23/1983, which regulates the validity of a court order for repossession of the dwelling issued against the tenant. According to the above

⁷¹ Art. 2 of Rent Control Law 23/1983: «[...] ενοικιαστής σημαίνει παν φυσικόν ή νομικόν πρόσωπον το οποίο συνήθως διαμένει ή έχει έδρα αυτού εν Κύπρο και το οποίο είναι ενοικιαστής ακινήτου, εν σχέσει προς το οποίον υφίσταται ενοικίασεις και περιλαμβάνει- [...] (γ) τον επιζώντα σύζυγο όστις, ή τέκνον ενοικιαστού το οποίον, διμέμενε ή είχε την κύρια απασχόλησή του στο ενοικιαζόμενο υποστατικό μετ' αυτού κατά τον χρόνο του θανάτου του ή εφοίτα τακτικώς εν τη αλλοδαπή ή εργαζόταν προσωρινός εν τη αλλοδαπή κατά τον χρόνο του θανάτου του ενοικιαστού ή, εν περιπτώσει ενοικίασεως κατοικίας, οσάκις ο ενοικιαστής δεν εγκαταλείπη σύζυγον ή ο ενοικιαστής είναι γυνή, τοιούτο μέλος της οικογενείας του ενοικιαστού το οποίον διέμενε μετ' αυτού δια περίοδον ουχί μικροτέραν των εξ μηνών αμέσως προ του θανάτου του ενοικιαστού.»

provision⁷², “(1) In the event of judgment or order for repossession against any tenant of a residence or a shop, such judgment does not have effect against the sub-tenant unless the Court is persuaded that, pursuant to the terms of the initial tenancy contract, the tenant did not have the right to grant a sub-tenancy, or if the sub-tenant made illegal or immoral use of the dwelling. Every judgment or order for repossession should quote whether it applies or not against any sub-tenant. (2) In the event that a sub-tenant against whom the judgment or order for repossession does not apply, remains in possession of the dwelling following notification of the judgment or order for repossession, he will cease to be a sub-tenant of the tenant and will become the statutory tenant towards the landlord of the dwelling or shop for which the sub-tenancy was concluded”.

And so it derives that not only the initial tenancy contract can lawfully contain a subletting clause in favor of the tenant, but that the sub-tenant is afforded considerable rights towards the landlord in case of an eviction order against the initial tenant.

- Is it possible, and if yes under what conditions, to conclude a contract with a multiplicity of tenants (e.g. group of students)?

Cypriot law does not provide for any restriction as to the conclusion of a contract with a multiplicity of tenants. Therefore such a contract is well conceivable within Cypriot law, as is also the case of a contract with a multiplicity of landlords.

- Duration of contract
 - Open-ended vs. limited in time contracts

Regarding contract duration, it should firstly be mentioned that the main aspect is the principle of freedom of contracts, giving the parties absolute freedom in terms of stipulating the duration of the tenancy contract they sign.

However, problems arise regarding whether an open-ended contract can be legally conceived under Cypriot law. As mentioned above, the Cypriot Supreme Court has ruled⁷³ that a free-ended contract is not deemed a valid tenancy contract. Therefore,

⁷² Art. 28 Rent Control Law 23/1983: «(1) Εἰς περίπτωσιν καθ'ἡν οἰαδῆποτε ἀπόφασις ἢ διάταγμα δια τὴν ἀνάκτησιν κατοχῆς ἐλήφθη καθ'οἰουδῆποτε ἐνοικιαστοῦ κατοικίας ἢ καταστήματος, ἡ τοιαύτη ἀπόφασις ἢ τὸ τοιοῦτο διάταγμα δὲν ἐφαρμόζεται καθ'οἰουδῆποτε ὑπενοικιαστοῦ τοιοῦτου ἐνοικιαστοῦ ἐκτός ἐάν τὸ Δικαστήριον πεισθῆ ὅτι τοιοῦτος ἐνοικιαστής παρήμποδίζετο ὑπὸ τῶν ὄρων τῆς ἐνοικιάσεως του νὰ προβῆ εἰς ὑπενοικίαςιν ἢ ὅτι ὁ τοιοῦτος ὑπενοικιαστής ἐχρησιμοποίησε τὴν κατοικίαν ἢ τὸ κατάστημα δια παρανόμους ἢ ἀνηθικούς σκοπούς. Ἐκάστη ἀπόφασις ἢ διάταγμα δια κατοχὴν ἐκδιδόμενον καθ'οἰουδῆποτε ἐνοικιαστοῦ θὰ ἀναφέρῃ κατὰ πόσον θὰ ἐφαρμοσθῆ ἢ μὴ ἐναντίον οἰουδῆποτε ὑπενοικιαστοῦ. (2) Πᾶς ὑπενοικιαστής ἐναντίον του ὁποίου δὲν ἐφαρμόζεται ἡ τοιαύτη ἀπόφασις ἢ τὸ τοιοῦτο διάταγμα, ἐάν παραμείνῃ κάτοχος κατόπιν τὴν εἰς αὐτὸν ἐπιδόσεως εἰδοποιησεως περὶ ἀποφάσεως ἢ του διατάγματος, παύει νὰ εἶναι ὑπενοικιαστής του ἐνοικιαστοῦ καὶ καθίσταται θέσμιος ἐνοικιαστής του ἰδιοκτῆτου ἐν σχέσει πρὸς τὴν κατοικίαν ἢ τὸ κατάστημα τὸ περιλαμβανόμενον εἰς τὴν ὑπενοικίαςίν του.

⁷³ Alpan Furnishings Limited v. Savva Dimadi (1989) AAD, 170

such a contract cannot be lawfully signed and, as it will be explained below, is considered a periodic tenancy.

- for limited in time contracts: is there a mandatory minimum or maximum duration?

Cypriot law does not provide for any mandatory minimum or maximum duration of a tenancy contracts. The duration is freely agreed between the contracting parties.

- Other agreements and legal regulations on duration and their validity: periodic tenancies (“chain contracts”, i.e. several contracts limited in time among the same parties concluded one after the other); prolongation options; contracts for life etc.

a. Renewal clauses

Renewal clauses inserted in the tenancy contract are well conceived under Cypriot law. A renewal clause can be automatic or not. In the case of an automatic renewal clause, each contracting party should normally have the right to not automatically renew the contract following prior notice of the same. On the other hand, non-automatic renewal clauses require the interested party to give notice of his intention to carry out said renewal. It should be pointed out that in the case of renewal, the tenancy continues to be contractual, until its lawful termination.

b. Prolongation

Limited in time tenancy contracts may be prolonged in one of the following ways:

i. Agreement of the parties: Based on the principle of parties’ autonomy, the tenancy contract may be prolonged upon agreement between landlord and tenant. However, such an agreement should be concluded before the expiry of the initial contract.

ii. Option right: The tenancy contract may be also prolonged as a result of the exercise of an option right which was afforded to one of the parties by the initial contract. Option is a unilateral right to prolong the duration of the contract and, usually, its exercise is agreed within specific term.

iii. Prolongation clause: Tenancy contract may also be prolonged following the execution of the so called “prolongation clause”. Such a clause should be contained in the initial agreement and provides for the prolongation of the contract under the condition that neither of the Parties opposes thereto.

c. Chain Contracts

Several contracts limited in time among the same parties concluded the one after the other should be, considered as autonomous and valid tenancy contracts, given that no relevant statute exists providing for the opposite.

d. Contracts for life

Problems arise regarding the lawful conclusion of a tenancy contract for life, due to the fact that, as already explained hereinabove⁷⁴ a contract for an indefinite period of time is not deemed as a valid tenancy contract.

e. Periodic Tenancies

The notion of periodic tenancies is well known within Cypriot Law. Said tenancies are created from void tenancy deeds, or oral contractual tenancies, whereby the rent is agreed payable on periodic basis and the duration of the tenancy is not certain.

- Rent payment

- In general: freedom of contract vs. rent control

- Rent control: how is it legally framed; when does it apply; who carries it out; what are the consequences when the parties agree on an excessive rent

The Cypriot Tenancy Law does not control the rent agreed upon by the parties in the initial tenancy contract. Therefore, the amount of rent premiums is freely fixed based on the will of the parties, pursuant to the general clause of contractual freedom. Furthermore, based on the principle *pacta sunt servanda*, Cypriot law does not seem to provide any statutory remedy should the agreed rent be excessive. As already stated above, the content of a contract cannot naturally be deemed unfair, due to the acceptance of the contracting parties.

- Maturity (fixed payment date); consequences in case of delayed payment

Cypriot tenancy law does not specifically regulate the question of maturity for rent payment. This issue is subject to the contracting parties' agreement, and is always an integral part of the tenancy contract. Thus, in case of delayed payment, the tenant is found in breach of contract. The landlord would be entitled, pursuant to the terms of the contract, to terminate the tenancy and ask for arrear rents. In that case, and under certain circumstances which will be explained below, the landlord could issue an eviction order, if the tenant continues to default on his rent payments.

⁷⁴ Alpan Furnishings Limited v. Savva Dimadi (1989) AAD, 170

- May the tenant exercise set off and retention rights over the rent payment? (i.e. the tenant withholding the rent or parts of it when the landlord does not respect his contractual duties, e.g. does not repair a defect);

Cypriot Law contains no specific regulations regarding unilateral set-off rights. In this matter, it has been decided⁷⁵ that Cypriot Law does not acknowledge set-off rights for reciprocal obligations between the parties but for independent ones. Following the above jurisprudence, we arrive at the conclusion that, given the tenant's obligation to pay rent on one hand and the landlord's obligation to carry out repairs on the other, do, in fact, constitute reciprocal **but** independent obligations, then a unilateral set-off - on the part of the tenant - would not be lawful.

- May claims from rental agreements be assigned to third parties (i.e. may the landlord assign his rent claim to a bank?)

Under Cypriot Law, assignment is intended as the contractual transfer of a right to a third party in such a way that the third party (assignee) becomes the contracting party in the contract, whereas the assignor is no longer contractually connected. In order for claims from rental agreements to be assigned to third parties, Cypriot Law requires the existence of such a clause in the tenancy contract⁷⁶. On the contrary, if any of the parties assign their respective claims to third parties, should such an option be prohibited or not provided by the contract, then that party is in breach of the tenancy contract.

- May a rent payment be replaced by a performance in kind (e.g. reparation, renovation)? Does the tenant have a statutory right to this effect? Could a lien of the "tenant-contractor" create problems in that case? (a lien is a statutory right of a contractor to ensure his being paid for his performances, e.g. improvements to the house, e.g. § 648 BGB)

There is nothing within Cypriot law that regulates rent payments being replaced by payment in kind. Therefore, such payment could lawfully be agreed between the landlord and the tenant.

Moreover, the contractor has no statutory right to ensure being paid for his performances. Any contract between the landlord and contractor for services rendered as payment of the dwelling should be considered as creating legal obligations between the contracting parties, based on privity of contracts.

- Does the landlord have a lien on the tenant's (movable) property in the house (Vermieterpfandrecht as in § 562 BGB, which functions as a guarantee for the payment of the rent by the tenant)? If yes, what is the scope of this right? How is it enforced?

⁷⁵ Heatron Co Ltd v. Polykarpou Nikolaos (1999) 1 AAD, 557.

⁷⁶ Jouglex, 83.

Cypriot law does not provide for any landlord's lien on tenant's movable property. Nevertheless, such a right could lawfully be the object of a contractual term between the contracting parties.

- Clauses on rent increase

Notwithstanding the following analysis regarding a provision for rent increases in statutory tenancies, pursuant to Rent Control Law 23/1983, the general rule is that the contract should also determine when, how and the level by which the landlord is entitled to increase the rent.

However, when the tenancy becomes⁷⁷ statutory according to Law 23/1983, the latter allows for an agreed increase of no more than 14 % of the existing rent, but not within two years from the date of the last application or the date of the last voluntary increase. If the tenant refuses, the Rent Control Courts will determine a "reasonable rent", taking into account the official value, and factors such as age, size, location and condition of the dwelling.

- Open-ended vs. limited in time contracts

There is no differentiation as to the freedom of the parties to agree upon rent increase clauses between open-ended and limited in time contracts.

- Automatic increase clauses (e.g. 3% per year)

Automatic increase clauses are well conceivable within Cypriot tenancy law. As a matter of fact, it is quite common that the parties agree to a clause of this kind.

- Index-oriented increase clauses

Index-oriented increase clauses are also quite usual in common day practice.

- Utilities

- Describe the usual kinds of utilities (e.g. basic utilities like the supply of water, gas and electricity vs. additional utilities, i.e. services such as waste collection) and their legal regulation

The kinds of utilities, which are usually connected with a residential dwelling, are the following:

- a. Electricity supply.
- b. Water supply.
- c. Share to the common expenses, in case of condominiums. Such expenses include electricity of common parts of the condominiums, cleaning services etc.
- d. Heating expenses.

- Responsibility of and distribution among the parties:

⁷⁷ As it will be explained below, a tenancy becomes statutory when the tenant remains in possession of the dwelling following the expiry or termination of the first tenancy.

- Does the landlord or the tenant have to conclude the contracts of supply?

Contracts of supply are concluded either by the tenant or by the landlord. However it is highly advisable that tenant concludes such contracts, in order for landlord not to be held liable towards the supplier in case of tenant's insolvency.

- Which utilities may be charged from the tenant?

The question of distribution among the parties is subject to their will, as there is no specific regulation in this respect. However, it should be accepted that utilities belong to the "expenses for the use" of the dwelling, and, therefore, should be charged by the tenant who uses the dwelling

- What is the standing practice?

Standing practice reveals that utilities are paid by tenants. The vast majority of tenancy contracts include a relevant term.

- Is a disruption of supply by the external provider or the landlord possible, in particular if the tenant does not pay the rent?

There is no possibility for disruption of supply by the external provider or the landlord if tenant does not pay the rent. These obligations are legally distinct.

- Deposit:

- What is the legal concept (e.g. is the deposit an advance rent payment or a guarantee deposit to cover future claims of the landlord)?

Common day tenancy practice reveals that landlords very often require tenants to pay a guarantee deposit. It should be mentioned that the translation of the Greek term used for guarantee deposit is "Guarantee" (in Greek: "Εγγύηση»), which is the exact same term used for the guarantee contract (art. 84 Cap. 149).

The purpose of the deposit is to secure the landlord's claims deriving from the tenancy contract. Therefore, under Cypriot Law a deposit is a guarantee against future claims made by the landlord and not an advance rent payment. Its overall function is regulated by the will of the contracting parties, as stipulated within the contract.

- What is the usual and lawful amount of a deposit?

There is no regulation regarding the lawful amount of a deposit, and, consequently, the latter is fixed upon the contracting parties' agreement. It usually amounts to one or two monthly rents.

- How does the landlord have to manage the deposit (e.g. special account; interests owed to the tenant?)

There is no special regulation obliging the landlord to hold a special account for the deposit, although the contracting parties can freely agree to such an action. Nevertheless, it is considerably rare, especially in cases of residential tenancies, that the tenant requires the landlord to open a special account for the deposit. In fact, tenants usually credit the agreed amount to the landlord's bank account, with the special reference that the deposited amount corresponds to the agreed guarantee deposit.

Regarding the question of whether a landlord owes interest to his tenant, this is usually a part of the tenancy contract. Normally, interest should be paid only if the landlord defaults in returning the tenant's deposit.

On the contrary, the tenant is not entitled to set off his claim for the return of his deposit with other claims of the landlord, due to the fact that the tenant's claim has not yet expired. However, it should be noted that in the vast majority of cases, the tenant will actually set off his claim on the deposit by withholding rent payments of the contract.

- What are the allowed uses of the deposit by the landlord?

The deposit is mainly used to cover any damage to the dwelling that are beyond daily wear and tear. Additionally, the landlord will often cover unpaid utility bills due by the tenant (such as water and electricity supply, etc.). Finally, the landlord may cover all monetary claims he may be entitled to against the tenant, and which derive from the tenancy contract.

- Repairs

- Who is responsible for what kinds of maintenance works and repairs? What kind of repairs or works may lawfully be assigned to the other party (especially the tenant)

There is no statute regarding the question of who is responsible for what kind of maintenance works and repairs. This should be agreed in the contract.

Generally speaking, it could be argued that the landlord's main obligation in the tenancy contract is to hand over the use of the dwelling to the tenant. Moreover, the landlord's obligation to ensure the dwelling is appropriate for the agreed use should always be understood to be an integral part of his main obligation. Thereby it is understood that the landlord is responsible for all essential maintenance works and repairs to keep the dwelling in a suitable state for the agreed use.

On the other hand, the tenant is also usually obliged to return the dwelling in the same condition he found it as per the residential tenancy contract.

The lack of any specific regulation on the above matter confirms the fact that the contract is the most crucial aspect of the relationship between tenant and landlord.

Connections of the contract to third parties

- Rights of tenants in relation to a mortgagee (before and after foreclosure)

Regarding the tenant's rights in relation to a mortgagee, it should be firstly noted that a mortgaged dwelling is validly rented. Thus, before foreclosure, tenant does not bear any obligation whatsoever towards the mortgagee.

The question has been answered above, under the analysis of the consequences to the position of the tenant, in case of change of landlord. Therefore, after foreclosure, the person who acquires ownership of the dwelling should be considered as a constructive trustee, and the contract should continue to be binding.

6.5. Implementation of tenancy contracts

Example of table for e) Implementation of tenancy contracts

	Private rental.		Main characteristic(s) of tenancy type 2, etc.	Ranking strongest weakest regular if there is more than one tenancy type
Breaches prior to handover	The law does not differentiate whether the breaches are prior, during or following the handover			
Breaches after handover	The law does not differentiate whether the breaches are prior, during or following the handover			
Rent increases	Agreed between the parties. In case of a statutory tenancy, no more than 14 % of the existing rent, but not within two years from the date of the last application or the date of the last voluntary increase.			
Changes to the	Upon agreement of			

dwelling	the Parties			
Use of the dwelling	Upon agreement of the Parties and according to the statutes of the condominium.			

- **Disruptions of performance (in particular “breach of contract”) prior to the handover of the dwelling**

- In the sphere of the landlord:

- Delayed completion of dwelling

There is no special regulation in this respect, and the answer should be given with reference to the stipulations of the contract.

The landlord’s main obligation stated in the tenancy contract is to hand over the dwelling to the tenant in such a condition that the dwelling is suitable for the use agreed. Thus, any delayed completion of the dwelling would impede the landlord from fulfilling his main obligation and he would be found in default.

However, special reference should be made to the exact wording of the contract and to whether any completion term could be considered as imposing strict or qualified liability. In the case of strict liability, no excuse for non-performance seems possible. However, if the liability imposed is qualified (for example, should the landlord exercise reasonable care in meeting the completion date), then only a violation of that duty should provoke liability.

Finally, it could be argued that the theory of frustration could apply in such a case. According to art. 56(2)⁷⁸ Cap. 149 “(2) A contract to do an act which, after the contract is made, becomes impossible, or, by reason of some event which the promisor could not prevent, unlawful, becomes void when the act becomes impossible or unlawful”. However, pursuant to the provision of par. 3⁷⁹ of the same article, “(3) Where one person has promised to do something which he knew, or, with reasonable diligence, might have known, and which the promisee did not know to be impossible or unlawful, such promisor must make compensation to such promisee for any loss which such promisee sustains through the non-performance of the promise”. It derives from the above that the point of reference which would determine the rights of the parties in case of a delayed completion is connected with their knowledge towards the fact that the dwelling could not be timely completed.

⁷⁸ Art. 56 (2) Cap. 149: «Σύμβαση προς τέλεση πράξης, η οποία μετά την κατάρτιση της σύμβασης καθίσταται παράνομη λόγω γεγονός το οποίο ο οφειλέτης δεν μπορούσε να αποτρέψει, καθίσταται άκυρη μόλις η πράξη καταστεί αδύνατη ή παράνομη.

⁷⁹ Art. 56 (3) Cap. 149: «Αν η υπόσχεση αφορά πράξη αδύνατη ή παράνομη και ο οφειλέτης γνώριζε ή αν κατάβαλε εύλογη επιμέλεια, μπορούσε να γνωρίζει το αδύνατο ή το παράνομο αυτής, ο αδε δανειστής δεν γνώριζε ότι αυτή ήταν αδύνατη ή παράνομη, ο οφειλέτης υποχρεούται να αποζημιώσει το δανειστή για κάθε ζημία, την οποία αυτός ήθελε υποστεί λόγω της μη εκπλήρωσης της υπόσχεσης».

- Refusal of handover of the dwelling by landlord (in particular: case of “double lease” in which the landlord has concluded two valid contracts with different tenants over the same house)

Regarding the case of double contracts, it should firstly be mentioned that no relevant regulation exists within Cypriot law, while no relevant jurisprudence can be reported. Thus, this question could be solved under English law, under which the principles of Property Law could apply. Thus, following the principle of a time priority, the contract that is signed first should have precedence over the second. The landlord should be held liable for damages towards the second tenant.

- Refusal of clearing and handover by previous tenant

In such a case, the landlord violates his main obligation to hand over the use of the rent dwelling once more. Consequently, he is found in breach of performance due to his own fault. The tenant may demand the contract be fulfilled, deny any rent payments, claim compensation as well as rescind or terminate the contract.

- Public law impediments to handover to the tenant

The same applies should the landlord not hand over the use of the dwelling due to a public law impediment. Moreover, the theory of frustration of contracts, pursuant to art. 56 Cap. 149 seems to be better applied in the event of a public law restriction.

- In the sphere of the tenant:
 - refusal of the new tenant to take possession of the house

In case of refusal of the new tenant to take possession of the house, then art. 53 Cap. 149 seems to apply. According to the letter⁸⁰ of above provision “*when a contract contains reciprocal promises, and one party to the contract prevents the other from performing his promise, the contract becomes voidable at the option of the party so prevented; and he is entitled to compensation from the other party for any loss which he may sustain in consequence of the non-performance of the contract*”.

It is obvious that in the event of tenant’s refusal to take possession of the dwelling, landlord is prevented from his main obligation for handing over the use. Therefore, landlord may claim damages for non execution of the contract.

- **Disruptions of performance (in particular “breach of contract”) after the handover of the dwelling**
- **Defects of the dwelling**

- Notion of defects: is there a general definition?

Cypriot law does not provide any general definition for the notion of defects, while there is no relevant statute providing for legal consequences in the event of defective

⁸⁰ Art. 53 Cap. 149: «Αν η σύμβαση περιέχει υποσχέσεις και ο ένας από τους συμβαλλομένους εμποδίζει τον άλλο να επληρώσει την υπόσχεσή που τον βαρύνει, η σύμβαση καθίσταται ακυρώσιμη κατ’ εκλογή του συμβαλλομένου που εμποδίζεται και ο τελευταίος έχει δικαίωμα αποζημίωσης από τον άλλον για οποιαδήποτε ζημία την οποία ήθελε υποστεί λόγω της μη εκπλήρωσης της σύμβασης».

dwelling. Thus, the question should be answered again based on the stipulations of the contract.

As a general definition, it could be said that every condition which partially or totally obstructs the agreed use of the property by the tenant should be considered as a defect of the dwelling. The main characteristic of a defect is the property's incomplete nature, which has a negative effect on the value or usefulness of the property. In order to ascertain whether a property is defective or not, reference should be made to every specific contract; the specific will of the parties i.e. "as what" or "for what purpose" was the property leased is a crucial part of this.

Should such a defect exist, the landlord will be liable for breach of contract.

- Examples: Is the exposure of the house to noise from a building site in front of the house or are noisy neighbours a defect? What about damages caused by a party or third persons? Is the occupation of the house by third parties such as squatters considered as a defect in the legal terms?

Despite the fact that Cypriot jurisprudence lacks of any relevant case which, the exposure of the house to noise from a building site in front of the house or noisy neighbours do not seem to constitute a defect under the Cypriot legal system, which could create legal obligations deriving from the tenancy contract. Such cases should mostly be dealt applying the provisions of tort law. Moreover, the occupation of the house by third parties such a squatters should be considered as constituting a breach of landlord's obligation to hand over the use of the dwelling to the tenant and not as a defect in legal terms.

- Discuss the possible legal consequences: rent reduction; damages; "right to cure" (to repair the defect by the landlord); reparation of damages by tenant; possessory actions (in case of occupation by third parties) what are the relationships between different remedies; what are the prescription periods for these remedies.

The legal consequences of the existence of a defect would be the same with the one's deriving a breach of contract by the landlord. Thus, the tenant should have the right to terminate the contract and claim damages for not fulfilment.

Finally, the tenant could file an action claiming specific performance of the contractual term imposing on landlord the obligation to keep the dwelling in the proper condition for the agreed use, by demanding the cure of the defect. The conditions for any claim for specific performance of the contract are laid down in article 76 (1) Cap. 149⁸¹, which reads as follows: *"(1) A contract shall be capable of being specifically*

⁸¹ Art. 76 (1) Cap. 149: «(1) Η σύμβαση είναι δεκτική ειδικής εκτέλεσης από το Δικαστήριο αν- (α) δεν είναι άκυρη δυνάμει του Νόμου αυτού ή οποιουδήποτε άλλου Νόμου~ και

enforced by the Court if- (a) it is not a void contract under this or any other Law; and (b) it is expressed in writing; and (c) it is signed at the end thereof by the party to be charged therewith; and (d) the Court considers, having regard to all the circumstances, that the enforcement of specific performance of the contract would not be unreasonable or otherwise inequitable”.

- **Entering the premises and related issues**

- Under what conditions may the landlord enter the premises?

There is no special regulation on the conditions under which the landlord may enter the premises. This matter should be dealt with by the contractual provisions between the parties. However, the tenant should always tolerate any visits by the landlord that are absolutely essential for confirming a defect or any kind of malfunction of the dwelling, in order to find out whether the tenant makes good use of the dwelling as well as for a new potential buyer or tenant to be able to examine the dwelling. Such visits should not be deemed as violating the tenant's right to the absolute possession of the dwelling

Finally it is clear that the landlord may freely enter the dwelling if the tenant consents it.

- Is the landlord allowed to keep a set of keys to the rented apartment?

There is no special provision of the law that regulated the question of whether or not the landlord can keep a set of keys to the rented apartment. Thus, such an issue relies upon the free will of the contracting parties.

- Can the landlord legally lock a tenant out of the rented premises, e.g. for not paying rent?

Under no circumstances may the landlord lock a tenant out of the rented premises due to default in paying rent. This would directly violate the law, constitute a civil tort as well as a criminal offence of trespass to another's property. The landlord should address the competent judicial authorities in order to enforce his claims against the tenant.

- **Rent regulation (in particular implementation of rent increases by the landlord)**
- Ordinary rent increases to compensate inflation/ increase gains

(β) είναι γραπτή~ και

(γ) υπογράφεται στο τέλος αυτής από το πρόσωπο που φέρει το βάρος αυτής~και

(δ) το Δικαστήριο κρίνει, ενόψει όλων των περιστάσεων, ότι η επιβολή ειδικής εκτέλεσης της σύμβασης δεν θα ήταν παράλογη ή άλλως πως ανεπιεικής ή πρακτικά ανεφάρμοστη».

As it has already been mentioned herein above, rent amount is freely agreed between the parties. Therefore, any unilateral increase of the rent on behalf of the landlord cannot be deemed lawful, even if its purpose is to compensate inflation.

- Is a rent increase after renovation measures, e.g. upgrading the energy performance of the house, or similar lawful and dealt with in a special procedure?

It is true that renovation measures uncontestedly upgrade the objective value of the dwelling. Nevertheless, a unilateral increase of the rent price would violate the contract.

- Rent increases in “housing with public task”

There exist no regulation related to rent increases in “housing with public task”, due to the complete absence of tenancies with a public task.

- **Alterations and improvements by the tenant**

- Is the tenant allowed to make (objective) improvements on the dwelling (e.g. putting in new tiles)?

There is no regulation prohibiting tenant to make objective improvements on the dwelling. However, the question which arises in this respect is whether tenant would have a lawful claim against landlord to be compensated for such improvements. Due to the lack for any specific regulation in this respect, such an issue should be dealt by the contractual provisions between the parties.

- Must, and if yes under what conditions, improvements of the dwelling by the tenant be compensated by the landlord?

However, the question which arises in this respect is whether tenant would have a lawful claim against landlord to be compensated for such improvements. However, due to the lack of any specific regulation in this respect, the answer should again rely on the provisions of the contract.

Is the tenant allowed to make other changes to the dwelling?

- in particular changes needed to accommodate a handicap (e.g. building an elevator; ensuring access for wheelchairs etc)?
- fixing antennas, including parabolic antennas

In order to give an answer to the question of whether the tenant is entitled to make alterations to the dwelling, reference should be made to the agreed use of the dwelling, as resulting from the contract. Thus, if it was agreed that the dwelling would be used by a disabled person, it is obvious that the tenant would not only be allowed to build a special lift, but he would also be entitled to claim the relevant expenses from the

landlord. Moreover, antennas should also be considered a suitable alteration for a residential dwelling.

Nevertheless, the tenant's obligation to make good and diligent use of the dwelling, as well as to return it in the same condition he received it, should also be taken into consideration.

- **Maintenance measures and improvements, in particular upgrading the energy performance of the house by the landlord**

- What kinds of maintenance measures and improvements does the tenant have to tolerate?

The tenant's obligation to tolerate certain maintenance as well as improvement works in the dwelling should be considered as an integral part of his obligations under a tenancy contract. Thus, the tenant should tolerate such measures provided that they are deemed essential in order for the dwelling to be maintained appropriate for the agreed use. On the contrary, the tenant does not have the same obligation regarding improvement or alteration works, except in extraordinary cases. Nevertheless, due to the lack of any specific regulation, this should be covered by the contract.

- What conditions and procedures does a landlord who wants to make renovations need to respect (e.g. giving adequate [i.e. sufficiently long] notice; offer an alternative dwelling; offer a rent reduction to compensate for disturbances)?

There are no special regulations or procedures that a landlord should respect in order to carry out renovation works on the dwelling. Such issues should be dealt in the contract between the contracting parties.

- **Uses of the dwelling**

- Keeping animals; producing smells; receiving guests; prostitution and commercial uses (e.g. converting one room in a medical clinic); removing an internal wall; fixing pamphlets outside.

There is no special regulation regarding the permitted uses of the dwelling. The agreed use is a matter which should be agreed upon the tenancy contract. Every use which would violate what was contractually stipulated should be considered as a violation of the contract. It should be pointed out, that where the dwelling makes part of a condominium, the stipulations of its statutes regarding the allowed uses should also be respected.

- Is there an obligation of the tenant to live in the dwelling? Are there specificities for holiday homes?

The law does not state any explicit obligation of the tenant to take over and make real use of the dwelling. Thus, any tenant who does not take over or use the dwelling is not found in default; nevertheless, he remains liable to pay the agreed rent.

However, such an obligation could, either explicitly or even tacitly, arise from the contracting parties' agreement. For example, in cases where the dwelling is damaged due to disuse, the tenant should be obliged to live in the dwelling.

- **Video surveillance of the building**

- Is the surveillance of certain parts (e.g. corridors) of the building lawful and usual?

Video surveillance of the building clearly consists of an important intervention in the tenant's privacy, which is inextricably connected with his personal rights deriving directly from the constitutional provisions of law. Therefore, any such action requires the tenant's consent.

It should be noted that Cypriot legislation lacks any specific provision in this respect. Although Law 138(I)/2001 has in fact implemented the provisions of EU directive 95/46/EC on data protection, according to the provision of art. 3 (2) the above law does not apply in the case of personal data collected by a natural person for personal or housing purposes.

6.6. Termination of tenancy contracts

Example of table for f) Termination of tenancy contracts

	Private rental		Main characteristic(s) of tenancy type 2, etc.	Ranking strongest weakest regulation if there is more than one tenancy type
Mutual termination	Allowed.			
Notice by tenant	a) According to the provisions of the contract. b) In case of breach of the contract by landlord. Special rules apply for periodic tenancies.			
Notice by landlord	a) According to the provisions of the contract. b) In case of breach of the			

	contract by tenant. Special rules apply for periodic tenancies..			
Other reasons for termination	Upon agreement of the Parties.			

- **Mutual termination agreements**

It is obvious that pursuant to the principle of contractual freedom, landlord and tenant are free to terminate the tenancy contract by means of a mutual agreement.

- **Notice by the tenant**

- Periods and deadlines to be respected

Cypriot law does not provide for any periods or deadlines to be respected in order to validate the termination of a tenancy contract on behalf of the tenant. Such issues should derive from the contractual stipulations between the parties.

However, an exception to this rule applies to periodic tenancies. As has already been mentioned above, periodic tenancies are created in the void of tenancy contracts. The reason that tenancy is invalid can be attributed to non-observance of the formal requirements imposed by art. 77 (1) Cap. 149 (i.e. they are either not concluded in writing or witnessed by two competent witnesses) as well as to the fact that they are concluded for an indefinite period of time. According to consistent Cypriot jurisprudence⁸², such tenancies are considered as month-to-month, year-to-year or even day-to-day, depending on the periods that the tenant owes the rent. Periodic tenancies do not expire at the end of each period, but are automatically renewed for the same period, until their termination through proper notice. Regarding proper notice, such notice should be given one full period in advance, and should expire at the end of a period. Thus, in the case of a month-to-month tenancy, a proper notice for termination should be given one month in advance, and should expire on the last day of the month before the new periodic tenancy would normally begin. For example, if a month-to-month periodic tenancy began on the 12th of January, then it is renewed the 12th day of any subsequent month. If a party wants to validly terminate the tenancy on the 12th of July, then the notice should be given on or before the 11th of June.

- May the tenant terminate the agreement before the agreed date of termination (in case of contracts limited in time); if yes: does the landlord then have a right to compensation (or be allowed to impose sanctions such as penalty payments)?

⁸² Tryfon Co. v. Black and Decker (1983) 1 CLR, 1971; Nicos Christou Developments Ltd. V. Tofinis (1998) 1 C.L.R, 1990; Michail a.o. v. Gianni (1998) 1 C.L.R, 2050' Glykys v. Ioannides (1959-60) XXIV CLR, 220; Sergiou Estates Ltd. V. Mpentezi (1995) 1 C.L.R 889.

Although break clauses in favour of the tenant are rarely inserted into tenancy contracts, nevertheless, the tenant does seem to have a statutory right to terminate the tenancy agreement before the agreed date of termination, should the landlord breach the contract. This right derives from art. 39 Cap. 149⁸³, according to which “*When a party to a contract has refused to perform, or disabled himself from performing, his promise in its entirety, the promisee may put an end to the contract, unless he has signified, by words or conduct, his acquiescence to its continuance*”. Thus, if a landlord fails to comply with his obligation to the contract, then the tenant is entitled to terminate the contract before its expiry. In that case, the landlord is not entitled to compensation, since he is at fault for the non execution of the contract.

- preconditions such as proposing another tenant to the landlord?

Although such a precondition does not derive from any statute, proposing another tenant to the landlord could lawfully make part of the tenancy contract.

- **Notice by the landlord**

- Ordinary vs. extraordinary notice in open-ended or time-limited contracts; is such a distinction exists: definition of ordinary vs. extraordinary (= normally related to fundamental breaches of the contract, e.g. in cases of massive rent arrears or strong antisocial behaviour)

Cypriot Law does not make any distinction between ordinary and extraordinary notice for termination. The admissible grounds for notice should be considered pursuant to the provisions of the contractual agreement. The provisions of art. 39 Cap. 149, as explained hereinabove, apply equally for the landlord. However, the landlord should normally be afforded with the right to terminate the contract in cases such as massive rent arrears, pursuant to the contractual terms.

- o Statutory restrictions on notice:
 - for specific types of dwellings, e.g. public dwellings; rental dwellings recently converted into condominiums (if there exists a special form of protection in this case as in German law) etc.

Although pursuant to the provisions of Rent Control Law 23/1983 statutory tenants are afforded with special protection against eviction, however, this does not mean that there are statutory restrictions on notice. As a matter of fact, as it will explained herein below, the proper termination of the contract is a prerequisite for the tenant to be considered as a statutory tenant in the sense of the law, and in order for the special statutory protection against eviction to apply.

⁸³ Art. 39 Cap. 140: «*Αν ένας από τους συμβαλλόμενους αρνηθεί να εκπληρώσει, ή καταστήσει τον εαυτό του ανίκανο να εκπληρώσει, την υπόσχεση του στο σύνολό της, ο δανειστής δύναται να τερματίσει τη σύμβαση, εκτός αν δήλωσε προφορικά ή με συμπεριφορά, τη συγκατάθεσή του για συνέχιση της σύμβασης*».

- in favour of certain tenants (old, ill, in risk of homelessness)

There is no special statutory restriction against notice for termination in favour of certain tenants.

- for certain periods

In case of periodic tenancies, the same, as above, apply for the valid notice for termination on behalf of the landlord. Thus, the notice should be given in advance of one full period, and should expire at the end of before the end of a period

- after sale including public auction (“emptio non tollit locatum”), or inheritance of the dwelling

There is no special regulation regarding termination possibilities after sale or inheritance. The relevant contractual terms will apply, provided that the tenancy would be binding for the new owner or the heir of the landlord.

- Requirement of giving valid reasons for notice: admissible reasons

The admissibility of the reasons for notice for termination should be considered following the terms of a contract. Admissible grounds for termination which are usually included in tenancy contracts are the following:

- Failure to pay the rent
- Commitment of nuisance to neighbours.
- Subletting the dwelling, or part, without relevant authority.
- Deliberately causing damage to the dwelling.
- Failing to vacate the dwelling on expiry of the tenancy.

- Objections by the tenant

Due to the absence of any statutory provisions regarding the admissible reasons for termination, any relevant objections of the tenant should be considered on the basis of the contractual provisions.

- Does the tenancy have “prolongation rights”, i.e. the statutory right to stay for an additional period of time (outside the execution procedure)?

There is no special statute granting the tenancy with prolongation rights in case where such an option does not make part of the contractual provisions. However, if tenant continues to have possession of the dwelling after the tenancy has been terminated or expired, then he becomes a ‘statutory tenant’ and is afforded with the protection of Rent Control Law 23/1983. Such protection, pertaining to the restriction of eviction will be further analysed herein below.

- in particular claims for extension of the contract or for granting of a period of grace under substantive or procedural law

Neither substantive nor procedural law provide for a claim for extension of the contract or for granting of a period of grace with regard to the notice for termination.

• Termination for other reasons

- Termination as a result of execution proceedings against the landlord (in particular: repossession for default of mortgage payment).

Termination as a result of execution proceedings against the landlord due to default of mortgage payment, should be subject to the terms of the initial tenancy contract, provided that above contract is still binding for the new owner.

- Termination as a result of urban renewal or expropriation of the landlord, in particular:
- What are the rights of tenants in urban renewal? What are the rules for rehousing in case of demolition of rental dwellings? Are tenants interested parties in public decision-making on real estate in case of urban renewal?

Cypriot law lacks of any specific provision for the case of termination of a tenancy contract due to demolition of buildings due to urban renewal. However, it should be considered that such a ground should be deemed admissible, since urban renewal is a valid ground for eviction against a statutory tenant, pursuant to the provisions of Rent Control Law 23/1983.

6.7. Enforcing tenancy contracts

Example of table for g) Enforcing tenancy contracts

	Private rental	Main characteristic(s) of tenancy type 2, etc.	Ranking from strongest to weakest regulation, if there is more than one tenancy type
Eviction procedure	Not possible without enforceable court judgment.		
Protection from eviction	If Rent control law applies, eviction is permitted for only one of the grounds specified thereto.		
Effects of bankruptcy	No		

- Eviction procedure: conditions, competent courts, main procedural steps and objections

In order for an eviction judgment to be obtained, the landlord should file a relevant claim before the competent court. This should either be the District or the Rent Control court of the location of the dwelling. Regarding competence of Rent Control court, it should be noted that when the Rent Control Law 23/1983 applies, then pursuant to the provision of art. 4 of Rent Control Law 23/1983, Rent Control Courts are the only competent tribunals to judge the case.

In particular, Rent Control law applies to tenancies of residential or business premises that lie within what the Law defines as “Control Areas” (that is towns, suburbs and rural centres which are defined as such by the issuance of a relevant ministerial decision), which were completed before 31st December 1999. However, pursuant to art. 2 (e) of the above law, persons who do not have Cypriot citizenship (except the non-Cypriot wife of a citizen of the Republic of Cyprus) are not deemed as ‘tenants’ in legal terms, and are, therefore, deprived of protection. Since Cyprus became a member of the European Union the above provision has been severely criticized⁸⁴, for violating several fundamental European law provisions, such as 14 European Convention on Human Rights, art. 1 of 1st Protocol, art. 1 of 12th Protocol, and art. 12, 14, 17, 43, 44 of the Treaty on European Union. However, recent jurisprudence⁸⁵ has expressly admitted that the above restriction does not apply to EU citizens, who are, therefore, entitled to be protected by Rent Control Law 23/1983.

After the competent court has examined that the tenancy contract has been legally terminated or expired, it will rule on the vacant possession of the dwelling. The Court is guided by what is reasonable, and the breach must be wilful and ongoing for the court to make an order for vacant possession. For example, no order will be made if the tenant promptly remedies the breach complained of (for example, by paying all rent due, unless there is a history of persistent non-payment, or by paying the cost of any damage to the property). Finally, in order for the judgment to be executed, a writ of possession pursuant to Order 43A. of civil procedure rules is issued, by the same court that passed the judgment, following an ex-parte petition by the landlord.

- Rules on protection (“social defences”) from eviction

Rent Control law 23/1983 provides the most regulated field of the Cypriot tenancy law, which refers to protecting statutory tenants from eviction. If the Rent Control law applies, then eviction against a statutory tenant is permitted only for one of the reasons which are exhaustively listed in art. 11 of the Law.

Regarding the notion of a statutory tenant, a definition is given in art. 2 of the Rent Control Law. Therefore, a tenant is deemed statutory if, after the expiration or termination of the first tenancy, he remains in possession of the dwelling. It is, therefore, clear that the notion of a statutory tenant is legally distinct from the notion of a contractual tenancy, since the contract should have either expired or legally terminated.

⁸⁴ L. Kammitisi, see above (fn. 45).

⁸⁵ Diogenis Christoforou v. Giosa Victoria Mikaela (2012) (Civil Appeal 161/2009).

According to art. 11 (1) of the Rent Control Law, no eviction judgment or order can be issued against a statutory tenant, except in the following cases:

- a) When rent is in arrears for more than 21 days after a written notice demanding payment is given to the tenant, should he fail to pay the amount due within 14 days from the service or should the tenant constantly default the rent.
- b) In the event the tenant proves a nuisance to neighbours, or uses the dwelling for illegal or immoral purposes, or permits such use
- c) If the Court finds that the condition of the dwelling has worsened due to the destructive actions or gross negligence of the tenant. However, in that case the Court will not order the tenant to be evicted if, within two months after being served the claim for eviction, he repairs the damage
- d) If the tenant, despite the explicit obligation not to sublease the property, does so and the Court considers this reasonable cause to issue an eviction order.
- e) If the tenant exploits the dwelling in a way that the profit gained is disproportionally high compared to the rent owed.
- f) Should the owner use the property as residence for himself, his spouse, children or dependent parents. However, in such a case the Court will not issue an eviction order if it is proven that such an order would cause serious damage.
- g) When the owner reasonably requires the dwelling in order to demolish it and construct a new building, or to make substantial changes or alterations which will lead to the development of the property or to execute works in a preserved building. In this case, the tenant should be given four months' notice.
- h) When the dwelling is required for planning law purposes.
- i) When the landlord has been expropriated by law.
- j) When the dwelling is reasonably required for public law purposes.
- k) If the tenant has given prior notice declaring his intention to vacate the dwelling, and the landlord concluded a sale or tenancy contract.

All of the above cases constitute grounds for the eviction of a statutory tenant. It should be mentioned that pursuant to art. 11 (2) of Rent Control Law 23/1983, the landlord should always give one month's notice, unless agreed otherwise.

Finally, pursuant to art. 5 (1) of Rent Control Law 23/1983, the Court may, while issuing an eviction for one of the above reasons, suspend the execution of its judgment for up to one year.

- May rules on the bankruptcy of consumers influence the enforcement of tenancy contracts?

The bankruptcy of a tenant seems to have no effect on the enforcement of tenancy contracts.

6.8. Tenancy law and procedure “in action”

Preliminary notice: To the extent that scientific sources are lacking, reporters are welcome to use any evidence (also newspaper articles, online sources, private interviews or even their own experience and opinion) in this section.

The practical role of private rented housing can only be realistically assessed when the practical functioning of the legal system in this field (“tenancy law in action”) is taken into account:

- What is the legal status and what are the roles, tasks and responsibilities of associations of landlords and tenants?

As already mentioned hereinabove, the main aim of landlords association is the representation and defence of the interests of the entirety of house and private real estate owners of the country. It should be noted that KSIA, the Cypriot association of landlords, is not empowered with any kind of regulatory competence. Its main aim is to provide consulting to their members as well as to solicit in a collective level for the defence of their interests. Nevertheless it should be mentioned that no such association on the part of tenants exists in Cyprus

- What is the role of standard contracts prepared by associations or other actors?

There is no particular role of standard contracts prepared by associations.

- How are tenancy law disputes carried out? Is tenancy law often enforced before courts by landlords and tenants and/or are - voluntary or compulsory - mechanisms of conciliation, mediation or alternative dispute resolution used?

It seems that most of the cases connected to residential tenancies are most often resolved without recourse to time consuming and costly court proceedings. On the contrary, tenancies for commercial premises are more likely to be resolved by the courts, as the interests involved are of greater economic value. Mediation and other alternative dispute resolution are rarely used, mainly due to their recent introduction into the Cypriot legal system. As a matter of fact, mediation was instituted by the provisions of Law 159 (I)/2012.

- Do procedures work well and without unreasonable delays? What is the average length of procedures? Are there peculiarities for the execution of tenancy law judgments (e.g. suspensions of, or delays for, eviction)?

It has been reported that an average trial length in order to execute an eviction order would be of one year.

- Are there problems of fairness and justice? Are there problems of access to courts especially for tenants? What is the situation concerning legal fees, legal aid and insurance against legal costs?

There does not seem to be any real problems of fairness and justice which can be reported. Tenants do not seem having problems of accessing to courts, despite the fact that they should bear their own legal costs if they decide to do so. Furthermore, due to the adequate supply of houses available for rent, it seems that a tenant would prefer to leave from a house he is not satisfied with, rather than claim his rights before the courts. To what regards legal aid, Cypriot law does not provide for legal aid in civil cases.

- How about legal certainty in tenancy law? (e.g.: are there contradicting statutes, is there secondary literature usually accessible to lawyers etc?)

As it has been clear hereinabove, Cypriot law lacks of any specific statutes related to tenancy law, while the general clauses on contracts, as dictated by the provisions of Cap. 149 cannot always offer a proper solution to the specificities of this type of contract. Thus, what applies or not is mainly stipulated within the tenancy contracts, which inevitably cannot be deemed as a stable legal frame. Moreover, Cypriot tenancy law is also characterised of any literature in this field. The only available source is Cypriot jurisprudence.

- Are there “swindler problems” on the rental market (e.g. flats fraudulently advertised on the internet as rental offers by swindlers to whom the flats do not belong)?

Due to the sufficiency of available dwellings, no such problems can be reported.

- Are the areas of “non-enforcement” of tenancy law (such as legal provisions having become obsolete in practice)?

Due to the absence of any specific legal provisions in this field, there is no space to support any obsolete ones.

- What kind of tenancy-related issues are currently debated in public and/or in politics?

The tenancy issue who has recently come in light in politics refers to a law which was attempted to pass, and which would impose an *ex lege* reduction of rents as a measure against the economic crisis. However, such law was referred back by the President of the Republic and was finally not voted on constitutionality grounds.

7. Effects of EU law and policies on national tenancy policies and law

7.1 EU policies and legislation affecting national housing policies

EU policies and legislation do not seem to have affected Cypriot housing policies, as all of the social housing schemes reported below were instituted long before Cyprus became a member of the European Union. Their purpose was to cover the population's emerging housing needs, as a result of the expatriation of almost one third of the Cypriot population.

7.2. EU policies and legislation affecting national tenancy laws

- EU social policy against poverty and social exclusion

EU social policy against poverty and social exclusion does not seem to have affected Cypriot tenancy Law.

- consumer law and policy

As already mentioned herein above, regarding EU directives on excessive clauses in consumer contracts, although transferred into national law by Law 93(I)/1996, as amended and in force today, they do not seem to play any important role regarding residential tenancy contracts. Given that the application of any consumer protection legislation requires the existence of a B2C relation, Cypriot practice has not showed any relevant examples, due to the absence of "professional landlords

- competition and state aid law

EU legislation on competition and state aid law does not have to seem any effect on Cypriot tenancy law.

- tax law

EU directives have affected Cypriot tax system regarding VAT which is imposed on new buildings.

- energy saving rules

EU legislation on energy saving rules have affected Cypriot tenancy law, given that pursuant to the provisions of Laws 141/2006 as well as 30/2009, all the new built dwellings as well as all the buildings of total surface exceeding 1000 square meters under radical renovation should fulfil certain energy efficiency standards. Moreover, every sale and tenancy contract should be accompanied by an Energy Sufficiency Certificate. Said certificate also includes recommendations for the improvement of the energy sufficiency of the dwellings and is valid for 10 years

- private international law including international procedural law

European private international law affects Cypriot national tenancy law, given that pursuant to the provision of art. 22 (1) of Regulation 44/2001, Cypriot courts have exclusive jurisdiction in proceedings which have as their object tenancies of immovable property. Moreover, pursuant to the provisions of art. 4 (c) of Regulation 593/2008 would Cypriot law applies to contracts relating to a tenancy of immovable property situated in Cyprus.

- anti-discrimination legislation

As it has been already mentioned hereinabove Cypriot antidiscrimination law is laid down on Law 42 (I)/2004 which mainly transposed the provisions of Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin. Law 42(I)/2004 explicitly prohibits any discriminative practice is based on racial or ethnic origin, religion, beliefs, community, language, colour, special needs, age and sexual orientation. As to the sectors covered by the above law, it should be mentioned that pursuant to the provision of art. 6, housing makes part of the Law's scope of application. Thus, it could be argued that a restriction on the choice of a tenant, which only relies on a discriminative basis, should be prohibited. However, above Law does not seem to provide any remedy in order for the potential tenant to oblige a landlord to conclude a tenancy contract.

- harmonization and unification of general contract law (sources such as the Common European Sales Law, the Common Framework of Reference or the Principles of European Contract Law may be considered here)

The harmonization and unification of general contract law attempts undertaken till now, do not seem to have affected Cypriot tenancy and general contract law. It is our opinion, that such attempts should be emphatically accepted by the Cypriot legislator, in order for special statutes on tenancy law to be introduced within the Cypriot tenancy system.

- fundamental freedoms
 - a. e.g. the Austrian restrictions on the purchase of secondary homes and its compatibility with the fundamental freedoms;
 - b. cases in which a licence to buy house is needed – is this compatible with the fundamental freedoms?

The fundamental freedoms dictated by the European Convention of Human Rights, as well as key provisions of EU treaties, seem to have had the most considerable effect in Cypriot tenancy law. As already reported above, pursuant to art. 2 (e) of Rent Control Law 23/1983, persons who do not have Cypriot citizenship (except the non-Cypriot wife of a citizen of the Republic of Cyprus) are not deemed as 'tenants' in legal terms, and are, therefore, deprived of any relevant protection. This provision has been severely criticized⁸⁶ since Cyprus became a member of the European Union, accused of violating several fundamental European law provisions, such as 14 European Convention on Human Rights, art. 1 of 1st Protocol, art. 1 of 12th Protocol, and art. 12, 14, 17, 43, 44 of the Treaty on the European Union. However, recent jurisprudence⁸⁷ has expressly admitted that the above restriction does not apply for EU citizens who are, therefore, entitled to the protection of Rent Control Law 23/1983.

⁸⁶ L. Kammitisi, see above (fn. 45).

⁸⁷ Diogenis Christoforou v. Giosa Victoria Mikaela (2012) (Civil Appeal 161/2009).

8. Typical National cases (with short solutions)

8.1: Formal Requirements of the Contract

Facts: L and T conclude a residential tenancy contract for a period of two years in writing. They also agree on a monthly rent of 300 € payable at the 1st of each month. However, the relevant deed is signed only by the parties of the contracts (L and T). Is the tenancy contract valid? What are the legal consequences?

Answer: Pursuant to the provision of art. 77 (1) Cap. 149 “*Contracts relating to leases of immovable property for any term exceeding one year shall not be valid and enforceable unless a) expressed in writing; and b) signed at the end thereof in the presence of at least two witnesses themselves competent to contract who have subscribed their names as witnesses by each party be charged therewith or by a person who is himself competent to contract and who has been duly authorized to sign on behalf of such party*”. Consequently, it is obvious that the tenancy under question is not considered as a valid tenancy in legal terms, since it is concluded for a term exceeding one year, and it should have been witnessed by two competent witnesses. Such tenancy should be considered as a periodic month-to-month tenancy, which is not terminated at the end of each month, provided T regularly pays the agreed monthly rent.

8.2: Sale of property

Facts: L and T conclude a tenancy contract for ten years in writing. The relevant deed is signed by both parties, as well as of two competent witnesses. However, two years after the commencement of the contract, L sells the rented dwelling to N, who knew about the T’ tenancy over the dwelling. Does the contract concluded between L and T binds N?

Answer: It is without any doubt that, in cases where during the tenancy contract, the ownership of the dwelling is transferred to a third party, the question of the consequences of such a transfer over the already concluded contract arises. The protection of the tenant seems imperative, however, the tenancy contract does indeed consist a restriction to the new owner’s right. The question has been dealt by the Cypriot Supreme Court by its decision *Pantelis Charalampidis vs. Georgios Andrea Konstantinou a.o.*⁸⁸.

The Court, though with a majority vote, revoked the decision of the first instance district court, deciding in favour of the continuation of the validity of the tenancy contract towards the new owners of a dwelling by resorting to the concept of “construction trust” (in Greek: «*Εξ επαγωγής εμπίστευμα*»). The question which arose was whether the new owners of a dwelling were bound by the tenancy contract which was concluded by the previous owner. It should be mentioned that pursuant to the provisions of Cap. 224 on immovable property, Common law and the principle of equity do not apply in Cypriot land law, and all the matters related to real property rights are exclusively regulated by the provisions of Cap. 224. However, trusts are explicitly considered as an exception from the above rule, while constructive trusts, as deriving from the principle of equity

⁸⁸ *Pantelis Charalampidis vs. Georgiou Andrea Konstantinou a.o.* (1996) CLR (Civil Appeal 85733).

should also be included in the general notion of “trusts”. Special reference was made to two previous judgments. According to *Odysseos v. Pieris Estates a.o*⁸⁹, the exemption does not only refer to express trusts, but should also apply to every kind of trust, including constructive trusts. Moreover, according to *Miltiadous v. Miltiadous*⁹⁰, *“Equitable interests, arising from a trust relationship, are susceptible to precise definition, and in appropriate circumstances may become the subject of registration. The trial Court correctly observed that s. 4 of the Immovable Property (Tenure, Registration and Valuation) Law Cap. 224 expressly exempts trusts from the network of the law, a proposition recently affirmed by the Supreme Court in Odysseos v. A. Pieris Estates Ltd. And Another...”*.

Therefore, it was decided that the new owner of a dwelling, who buys it while knowing that a tenancy contract has been concluded, is considered as a constructive trustee towards the tenant, and, consequently is bound to respect the obligations of his predecessor. Therefore, the tenancy contract between L and T binds N.

8.3: Periodic Tenancies - Termination

Facts: L and T conclude a residential tenancy contract for a period of two years in writing. They also agree on a monthly rent of 300 € payable at the 1st of each month. However, the relevant deed is signed only by the parties of the contracts (L and T). How can L validly terminate above contract.

Answer: Pursuant to the provision of art. 77 (1) Cap. 149 *“Contracts relating to leases of immovable property for any term exceeding one year shall not be valid and enforceable unless a) expressed in writing; and b) signed at the end thereof in the presence of at least two witnesses themselves competent to contract who have subscribed their names as witnesses by each party be charged therewith or by a person who is himself competent to contract and who has been duly authorized to sign on behalf of such party”*. Consequently, it is obvious that the tenancy under question is not considered as a valid tenancy in legal terms, since it is concluded for a term exceeding one year, and it should have been witnessed by two competent witnesses. Such tenancy should be considered as a periodic month-to-month tenancy, which is not terminated at the end of each month, provided that T regularly pays the agreed rent. As to the question of proper notice, such notice should be given in advance of one full period, and should expire at the end of before the end of a period. Thus, in case of a month-to-month tenancy, a proper notice for termination should be given one month in advance, and should expire at the last day of the month before the new periodic tenancy would normally begin. For example, if a month-to-month periodic tenancy begun on the 12th of January, then it is renewed the 12th day of any subsequent month. If a party wants to validly terminate the tenancy on the 12th of July, then the notice should be given on or before the 11th of June.

8.4: Rent increase

⁸⁹ *Odysseos v. Pierris Estates a.o.*, (1982) 1 CLR 557.

⁹⁰ *Miltiadous v. Miltiadous* (1982) 1 CLR 1797.

Facts: L concludes a tenancy contract with T for two years, without an option for renewal. The rented dwelling is located within “a controlled” area in the sense of Rent Control Law 23/1983 and the rented dwelling was completed in 1998. After the expiry of the contractual duration of the contract, T remains in possession of the dwelling, and agrees with L an increase of 20 % of the initial rent. Would that increase be lawful?

Answer: At the outset, it should be pointed out that T has become a statutory tenant in the sense of Rent Control Law 23/1983, since he remained in possession of the dwelling after the expiry of the first tenancy. Furthermore, the rented dwelling is located within the control area and was completed in 1998. Therefore, the provisions of Rent Control Law 23/1983 apply, which would prohibit an increase of more than 14 % of the previous rent. Therefore, T does not have the obligation to pay the adjusted rent.

8.5: Open-ended contract

Facts: T and L conclude a tenancy contract for an indefinite period of time? They also agree upon a monthly rent of 300€ payable on the 1st day of each month. Would that agreement be valid? What are the legal consequences?

Answer: According to Cypriot jurisprudence, a tenancy contract whereby the duration is not defined by the parties, does not constitute a valid contract, and is therefore null and void. Moreover, according to same jurisprudence, the commencement date of the tenancy is also deemed as an essential element of the tenancy. Such contract should be considered as a periodic month-to-month tenancy, given the fact that the rent was paid on a monthly basis.

8.6: Liability for repairs

Facts: L concludes a tenancy contract with T, whereby they agree that L is liable to keep the premises appropriate for the agreed use. However, after one month, due the dwelling’s old and non-maintained pipeline system, the latter crashes, and the dwelling floods. Who is responsible for the repairs?

Answer: It is obvious that pursuant to relevant term of the contract, L should be held liable to proceed to repair. If L fails to do so, then he is in breach of the contract. T is entitled with the right to terminate the contract and claim compensation against L.

8.7: Subletting

Facts: L concludes a tenancy contract with T. According to an express term of the contract, T did not have the authority to sublet the dwelling unless L consents thereto. T, in his turn, wants to sublet the rented dwelling to S. Before proceeding to said sublet, T informs L of his intention, and L expressly denies. Is the sublet between T and S valid? Can L hold T liable for the damages caused by S?

Answer: The sublet between T and S is not valid, as T did not have the authority to conclude such a contract. T should be found in breach of the contract. L may lawfully terminate the contract and claim damages against T. Moreover, L may file a claim for an eviction judgment against S.

8.8: Contractual/statutory tenant

Facts: L concludes a tenancy with T for ten years in writing. The relevant deed is signed by both parties, as well as of two competent witnesses. The contract contains an automatic renewal clause for two years, provided that no party gives notice for intention to quite the tenancy. No such notice is given upon the expiry of the contractual term. However, one year later T does not pay the rent for two consecutive months. L, without giving notice for termination, files an action against T before the Rent Control Court demanding the arrear rents. What should the court decide?

Answer: Irrespective of whether the other conditions in order for Rent Control Court to be competent for this case are met (dwelling completed before 31/12/1999 and located within a 'controlled' area), nevertheless the Rent Control Court should decline jurisdiction as T has never turned to statutory tenant, but has remained a contractual one. The contract between L and T has been renewed pursuant to the renewal clause, and has not been terminated. The District Court is competent to hear L's case.

8.9: Eviction of statutory tenant.

Facts: L concludes a tenancy contract with T for two years, without an option for renewal. The rented dwelling is located within "a controlled" area in the sense of Rent Control Law 23/1983 and the rented dwelling was completed in 1998. After the expiry of the contractual duration of the contract, T remains in possession of the dwelling, but fails to pay the agreed rent. L gives notice to T demanding the arrear rent and vacant possession of the dwelling on 01/12/2013. Subsequently, on 23/12/2013 L files and serves a claim before the Rent Control Law demanding T's eviction and arrear rents, which is heard on 03/03/2014. T does not proceed to any payment till the hearing of the case. What should the Court decide?

Answer: In the present case, T has become a statutory tenant in the sense of Rent Control Law 23/1983, since he remained in possession of the dwelling after the expiry of the first tenancy. Furthermore, the rented dwelling is located within the control area and was completed in 1998. Finally, the provisions of art. 11 (1) of Rent Control law 23/1983 are satisfied, since the rent is in arrear for more than 21 days after a written notice demanding payment has been given to T and he fails to pay any amount due within 14 days from the service. Therefore, L's both claims should be granted.

8.10: Registration of tenancies exceeding fifteen years.

Facts: L and T conclude a tenancy contract for a period of 20 years. Within one month from the commencement date, T proceeds to the registration of the contract with the Land Registry, pursuant to the provision of art. 65B(1) Cap. 224. However, one year

after the commencement of the tenancy, T dies. H, T's heir, demands possession of the dwelling. Is H's claim lawful?

Answer: Pursuant to the provision of art. 65B (1) Cap. 224 *“When immovable property is leased for a term exceeding fifteen years, no real property right is whatsoever acquired, unless, pursuant to the provisions of present Section, such lease is registered according to the provisions of present article».*

It is clear that art. 65B (1) Cap. 224 does not impose any kind of obligation for registration of a tenancy exceeding fifteen years. On the contrary, it only provides for an option in order for a type of time limited ownership right over the rented dwelling to be acquired by the tenant. The major advantage of such a registration is the transferability of the right afforded to the tenant. Therefore, time limited ownership acquired by T among registration of the tenancy contract with the land registry, is lawfully inherited by H. Therefore, H's claim is lawful and admissible.

9. Tables

9.1 Literature

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9.2 Cases

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- Papageorgiou v. Karayiannis (1988) 1 CLR, 571
- Aggelidis & Fillipou v. Kolokasidis Estates (1991) 1 CLR, 327
- Michailidou v. Municipality of Nicosia (1997)1 (a) CLR 18
- Karesiou v. Karapita a.o. (2002) 1 (A) CLR 338
- Pantelis Charalampidis vs. Georgiou Andrea Konstantinou a.o. (1996) CLR (Civil Appeal 85733).
- Odysseos v. Pierris Estates a.o., (1982) 1 CLR 557
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- Nicos Christou Developments Ltd. V. Tofinis (1998) 1 CLR, 1990
- Michail a.o. v. Gianni (1998) 1 CLR, 2050
- Glykys v. Ioannides (1959-60) XXIV CLR, 220
- Sergiou Estates Ltd. V. Mpentezi (1995) 1 CLR 889
- Ioannou v. Kounnidi, 1998 (1) CLR
- Alpan Furnishings Limited v. Savva Dimadi (1989) CLR, 170
- Rolandis and others vs. The Republic of Cyprus (1991) CLR, (Case no 203/90)
- Heatron Co Ltd v. Polykarpou Nikolaos (1999) 1 CLR, 557

9.3 Abbreviations

- CLR: Cyprus Law Reviews

III. Table: European Directives Affecting Leases

DIRECTIVES	TRANSPOSITION	RELATED SUBJECT	PART QUESTIONNAIRE
CONSTRUCTION			
Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts (OJEU 30.4.2004 N° L 134/114)	Ο περί του Συντονισμού των Διαδικασιών Σύναψης Δημόσιων Συμβάσεων Προμηθειών, Έργων και Υπηρεσιών και για Συναφή Θέματα Νόμος του 2006 (N.12(I)/2006).	It is envisaged a special allocation procedure for contractors when the target is the construction of social housing (art. 34).	
Council Directive 89/106/EEC of 21 December 1988 on the approximation of laws, regulations and administrative provisions of the Member States relating to construction products (OJEC 11.02.1989 N° L 40/12)	Ο περί Δομικών Προϊόντων Νόμος του 2013 (N. 130(I)/2013)	About construction products: free movement and the certificates required.	
TECHNICAL STANDARDS			
Energy efficiency			
Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJEU 14.11.2012 N° L 315/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006)	Energy saving targets imposed to the State. It also deals with the Public Administration buildings and others that require greater energy savings.	
Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJEU 18.06.2010 N° L153/13).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006)	Energy efficiency of the new and the existing buildings.	Part II 2.a 'Regulation on energy saving'.
Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products (OJEU 18.6.2010 N° L 153/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006)	Labelling and basic information for household electric appliances' users.	
Commission Delegated Regulation (EU) N° 874/2012 of 12 July 2012 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of electrical lamps and luminaires (OJEU 26.9.2012 N° L 258/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006)		

Commission Directive 98/11/EC of 27 January 1998 implementing Council Directive 92/75/EEC with regard to energy labelling of household lamps (OJEC 10.3.1998 N° L 71/1).			
Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (OJEU 5.6.2009 N° L 140/16).	Περί Προώθησης και Ενθάρρυνσης της Χρήσης των Ανανεώσιμων Πηγών Ενέργειας Νόμος του 2013 (Ν. 112(Ι)/2013)	Promotion of the use of renewable energy in buildings.	
Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC (DOCE 14.8.2009 N° L 211/55).	Royal Decree-law 13/2012 + 17/2007 Act, of 4 July 2007, amended 54/1997Act, of 27 November 2007, <i>del Sector Eléctrico</i> (BOE 05/07/2007 N°160).	Basic standards for electricity sector.	
Heating, hot water and refrigeration			
Commission Delegated Regulation (EU) N° 626/2011 of 4 May 2011 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of air conditioners (OJEU 6.7.2011 N° L 178/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (Ν. 31(Ι)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (Ν. 142(Ι)/2006)	Labelling and information to provide about air conditioners.	
Commission Delegated Regulation (EU) N° 1060/2010 of 28 September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household refrigerating appliances (OJEU 30.11.2010 N° L 314).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (Ν. 31(Ι)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (Ν. 142(Ι)/2006))	Labelling and information to provide about household refrigerating appliances.	
Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJEU 14.8.2009 N° L 211/94).	Ο περί Ρύθμισης της Αγοράς Φυσικού Αερίου Νόμος του 2004 (Ν. 183(Ι)/2004)	Basic legislation about natural gas in buildings and dwellings.	
Council Directive of 10 December 1982 amending Directive 78/170/EEC on the performance of heat generators for space heating and the production of hot water in new or existing non-industrial buildings and on the insulation of heat		Legislation about heating and hot water in dwellings and buildings.	

and domestic hot-water distribution in new non-industrial buildings (OJEC 31.12.1982 N° L 378/19).			
Household appliances			
Commission Delegated Regulation (EU) N° 392/2012 of 1 March 2012 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household tumble driers (OJEU 9.5.2012 N° L 123/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006))	Labelling and information to provide about tumble driers.	
Commission Delegated Regulation (EU) N° 1059/2010 of 28 September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household dishwashers (OJEU 30.11.2010 N° L 314/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006))	Labelling and information to provide about dishwashers.	
Commission Delegated Regulation (EU) N° 1061/2010 of 28 September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household washing machines (OJEU 30.10.2010 N° L314/47).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006))	Labelling and information to provide about washing machines.	
Commission Delegated Regulation (EU) N° 1062/2010 of 28 September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of televisions (OJEU 30.11.2010 N° L 314/64).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006))	Labelling and information to provide about televisions.	
Commission Directive 2003/66/EC of 3 July 2003 amending Directive 94/2/EC implementing Council Directive 92/75/EEC with regard to energy labelling of household electric refrigerators, freezers and their combinations (OJEU 09.07.2003 N° L 170/10).		Labelling and information to provide about household electric refrigerators and freezers.	
Commission Directive 2002/40/EC of 8 May 2002 implementing Council Directive 92/75/EEC with regard to energy labelling of household electric ovens (OJEC 15.05.2012 N° L 128/45).		Labelling and information to provide about household electric ovens.	
Commission Directive 96/60/EC of 19 September 1996 implementing Council Directive 92/75/EEC with regard to energy labelling of household combined washer-driers (OJEC 18.10.1996 N° L		Labelling and information to provide about household combined washer-	

266/1).		driers.	
Lifts			
European Parliament and Council Directive 95/16/EC of 29 June 1995 on the approximation of the laws of the Member States relating to lifts (OJEC 07.09.1995 N° L 213).	Ο περί Βασικών Απαιτήσεων που πρέπει να πληρούν Καθορισμένες Κατηγορίες Προϊόντων Νόμος του 2002 (N.30(I)/2002)	Legislation about lifts.	
Boilers			
Council Directive 92/42/EEC of 21 May 1992 on efficiency requirements for new hot-water boilers fired with liquid or gaseous fuels (OJEC 22.06.1992, N° L 167). Amended by Council Directive 93/68/EEC of 22 July 1993 (BOE 27.03.1995 N° 73).		Legislation about boilers.	
Hazardous substances			
Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment (OJEU 01.07.2011 N° 174/88).		Legislation about restricted substances: organ pipes of tin and lead alloys.	
CONSUMERS			
Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council (OJEU 22.11.2011 N° L 304/64).	Ο περί των Δικαιωμάτων των Καταναλωτών Νόμος του 2013 (N. 133(I)/2013)	Information and consumer rights. Legislation referred to procurement of services, car park. Immovables are excluded: lease of housing, but not of premises.	
Directive 2009/136/EC of the European Parliament and of the Council of 25 November 2009 amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services, Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector and Regulation (EC) N° 2006/2004 on cooperation between national authorities responsible		Consumer protection in the procurement of communication services.	

for the enforcement of consumer protection laws (OJEU 18.12.2009 N° L 337/11).			
Directive 2009/22/EC of the European Parliament and of the Council of 23 April 2009 on injunctions for the protection of consumers' interests (OJEU 01.05.2009, N° 110/30).	Ο περί της Έκδοσης Δικαστικών Διαταγμάτων για την Προστασία των Συλλογικών Συμφερόντων των Καταναλωτών Νόμος του 2007 (N. 101(I)/2007)	Collective injunctions infringements of Directives Annex I.	
Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising (OJEU 27.12.2006, N° L 376/21).			
Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) N° 2006/2004 of the European Parliament and of the Council (OJEU 01.6.2005 N° L 149/22).	Ο περί Ελέγχου των Παραπλανητικών και Συγκριτικών Διαφημίσεων (Τροποποιητικός) Νόμος του 2007 (N.98(I)/2007)	Misleading advertising and unfair business-to-consumer commercial practices.	
Directive 97/7/EC of the European Parliament and of the Council of 20 May 1997 on the protection of consumers in respect of distance contracts (OJEC 04.06.1997 N° L 144/19).	Ο περί της Σύναψης Καταναλωτικών Συμβάσεων εξ Αποστάσεως Νόμος του 2000 (N. 14(I)/2000)	Contracts relating to immovables are excluded, except from lease.	
Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts (OJEC 21.04.1993 N° L 095).	Ο περί Καταχρηστικών Ρητρών σε Καταναλωτικές Συμβάσεις Νόμος του 1996 (N. 93(I)/1996)	Unfair terms	Part II 2.c 'control of contractual terms'.
Council Directive 85/577/EEC of 20 December 1985 to protect the consumer in respect of contracts negotiated away from business premises (OJEC 31.12.1985 N° L 372/31).	Ο περί της Σύναψης Καταναλωτικών Συμβάσεων Εκτός Εμπορικού Καταστήματος Νόμος του 2000 (N. 13(I)/2000)	Information and consumer rights. Legislation referred to procurement of services. Contracts on immovables are excluded.	
HOUSING-LEASE			

Regulation (EC) N° 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations - Rome I (OJEU 04.07.2008 N° L 177/6).		Law applicable (art. 4.1.c and d and 11.5)	
Council Regulation (EC) N° 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (OJEC 16.01.2001 N° L 12/1).		Jurisdiction (art. 22.1)	
Commission Regulation (EC) N° 1920/2001 of 28 September 2001 laying down detailed rules for the implementation of Council Regulation (EC) N° 2494/95 as regards minimum standards for the treatment of service charges proportional to transaction values in the harmonised index of consumer prices and amending Regulation (EC) N° 2214/96 (OJEC 29.9.2001 N° L 261/46).		CPI harmonization. Art. 5 includes estate agents' services for lease transactions.	
Commission Regulation (EC) N° 1749/1999 of 23 July 1999 amending Regulation (EC) N° 2214/96, concerning the sub-indices of the harmonized indices of consumer prices (OJEC 13.8.1999 N° L 214/1).			Part II 2.d 'Index-oriented increase clauses'.
Council Regulation (EC) N° 1687/98 of 20 July 1998 amending Commission Regulation (EC) No 1749/96 concerning the coverage of goods and services of the harmonised index of consumer prices (OJEC 31.07.1998 N° L 214/12).		CPI harmonization. Subscript 4: Lease, housing preservation and repair, water and other services.	
Commission Regulation (EC) N° 2214/96 of 20 November 1996 concerning harmonized indices of consumer prices: transmission and dissemination of sub indices of the HICP (OJCE 21.11.1996 N° L 296/8).			
Recommendation 65/379/EEC: Commission Recommendation of 7 July 1965 to the Member States on the housing of workers and their families moving within the Community (OJEC 27.07.1965 N° L 137/27).		Discrimination on grounds of nationality. Equality in granting housing, aids, subsidies, premiums or tax advantages to workers who have moved within the EU.	
DISCRIMINATION			
Council Directive 2004/113/EC of 13 December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services (OJEU 21.12.2004 N° L 373/37).		Discrimination on grounds of sex.	

Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin (OJEC 19.07.2000 N° L 180/22).	Ο περί Καταπολέμησης των Φυλετικών και Ορισμένων Άλλων Διακρίσεων (Επίτροπος) Νόμος του 2004 (Ν.42(Ι)/2004)	Discrimination on grounds of racial or ethnic origin.	Part II 2.c 'Restrictions on choice of tenant - antidiscrimination issues'.
IMMIGRANTS OR COMMUNITY NATIONALS			
Council Directive 2009/50/EC of 25 May 2009 on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment (OJEU 18.06.2009 N° L 155/17).	Law 4071/2012 published at the Official Gazette (FEK 85/A/11-04-2012)	Equality of treatment with housing (art. 14.1.g.) However, Member States may impose restrictions (art. 14.2).	
Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States amending Regulation (EEC) N° 1612/68 and repealing Directives 64/221/EEC, 68/360/EEC, 72/194/EEC, 73/148/EEC, 75/34/EEC, 75/35/EEC, 90/364/EEC, 90/365/EEC and 93/96/EEC (OJEU 30.04.2004 N° L 158/77)		Discrimination on grounds of nationality. Free movement for european citizens and their families.	
Council Directive 2003/109/EC of 25 November 2003 concerning the status of third-country nationals who are long-term residents (OJEU 23.01.2004 N° L 16/44).		Equal treatment in housing (art. 11.1.f.)	Part II 2.c 'Restrictions on choice of tenant - antidiscrimination issues'.
Council Directive 2003/86/EC of 22 September 2003 on the right to family reunification (OJEU 03.10.2003, N° L 251/12).	Law 8(Ι)/2007.	The reunification applicant shall prove to have an habitable and large enough dwelling (art. 7.1.a).	
Regulation (EEC) N° 1612/68 of the Council of 15 October 1968 on freedom of movement for workers within the Community (OJEC 17.04.1964 N° L 257/2).		Equal treatment in housing and access to the housing applicants' lists (Art. 9 and 10.3).	Part II 2.c 'Restrictions on choice of tenant - antidiscrimination issues'.
INVESTMENT FUNDS			

<p>Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) N° 1060/2009 and (EU) N° 1095/2010 (OJEU 01.07.2011, N° L 174/1).</p>	<p>Ο περί διαχειριστών Οργανισμών Εναλλακτικών Επενδύσεων Νόμος 56(Ι)/2013</p>	<p>Real estate investment funds</p>	
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2) List of literature

- T.-E. Synodinou, *Cyprus Land Law (in Greek: Κυπριακό Εμπράγματο Δίκαιο)*, (Athens-Thessaloniki Sakkoulas Publications, 2011), 56
- P. Jougleux, *Elements of Cypriot Law of Obligations (in Greek: Στοιχεία Κυπριακού Ενοχικού Δικαίου)*, (Athens – Thessaloniki Sakkoulas Publications, 2011),
- L. Kammitisi, President of Rent Control Court, Lecture on Rent Control, available online at:
<http://www.supremecourt.gov.cy/judicial/sc.nsf/All/6BAC0BAE96B0C7BCC22573A2006ECA43?OpenDocument&print>
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- E.H. Burn and J Carriwight, *Cheshire and Burn's Modern Law of Property, case and materials*, (Oxford University Press, 9th edition, 2009)

3) List of cases (cases quoted in the report and possibly also other important cases)

- Chimonides v. Manglis (1967) 1 CLR, 125
- Papageorgiou v. Karayiannis (1988) 1 CLR, 571
- Aggelidis & Fillipou v. Kolokasidis Estates (1991) 1 CLR, 327
- Michailidou v. Municipality of Nicosia (1997)1 (a) CLR 18
- Karesiou v. Karapita a.o. (2002) 1 (A) CLR 338
- Pantelis Charalampidis vs. Georgiou Andrea Konstantinou a.o. (1996) CLR (Civil Appeal 85733).
- Odysseos v. Pierris Estates a.o., (1982) 1 CLR 557
- Miltiadous v. Miltiadous (1982) 1 CLR 1797
- Tryfon Co. v. Black and Decker (1983) 1 CLR, 1971
- Nicos Christou Developments Ltd. V. Tofinis (1998) 1 CLR, 1990
- Michail a.o. v. Gianni (1998) 1 CLR, 2050
- Glykys v. Ioannides (1959-60) XXIV CLR, 220
- Sergiou Estates Ltd. V. Mpentezi (1995) 1 CLR 889
- Ioannou v. Kounnidi, 1998 (1) CLR
- Alpan Furnishings Limited v. Savva Dimadi (1989) CLR, 170
- Rolandis and others vs. The Republic of Cyprus (1991) CLR, (Case no 203/90)
- Heatron Co Ltd v. Polykarpou Nikolaos (1999) 1 CLR, 557

4) List of abbreviations

- CLR: Cyprus Law Reviews

III. Table: European Directives Affecting Leases

DIRECTIVES	TRANSPOSITION	RELATED SUBJECT	PART QUESTIONNAIRE
CONSTRUCTION			
Directive 2004/18/EC of the European Parliament and of the Council of 31 st March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts (OJEU 30.4.2004 N° L 134/114)	Ο περί του Συντονισμού των Διαδικασιών Σύναψης Δημόσιων Συμβάσεων Προμηθειών, Έργων και Υπηρεσιών και για Συναφή Θέματα Νόμος του 2006 (N.12(I)/2006).	It is envisaged a special allocation procedure for contractors when the target is the construction of social housing (art. 34).	
Council Directive 89/106/EEC of 21 st December 1988 on the approximation of laws, regulations and administrative provisions of the Member States relating to construction products (OJEC 11.02.1989 N° L 40/12)	Ο περί Δομικών Προϊόντων Νόμος του 2013 (N. 130(I)/2013)	About construction products: free movement and the certificates required.	
TECHNICAL STANDARDS			
Energy efficiency			
Directive 2012/27/EU of the European Parliament and of the Council of 25 th October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJEU 14.11.2012 N° L 315/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006)	Energy saving targets imposed to the State. It also deals with the Public Administration buildings and others that require greater energy savings.	
Directive 2010/31/EU of the European Parliament and of the Council of 19 th May 2010 on the energy performance of buildings (OJEU 18.06.2010 N° L153/13).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006)	Energy efficiency of the new and the existing buildings.	Part II 2.a 'Regulation on energy saving'.
Directive 2010/30/EU of the European Parliament and of the Council of 19 th May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products (OJEU 18.6.2010 N° L 153/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006)	Labelling and basic information for household electric appliances' users.	
Commission Delegated Regulation (EU) N° 874/2012 of 12 th July 2012 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of electrical lamps and luminaires (OJEU 26.9.2012 N° L 258/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006)		

Commission Directive 98/11/EC of 27 th January 1998 implementing Council Directive 92/75/EEC with regard to energy labelling of household lamps (OJEC 10.3.1998 N° L 71/1).			
Directive 2009/28/EC of the European Parliament and of the Council of 23 rd April 2009 on the promotion of the use of energy from renewable sources and amendment and subsequent repeal Directives 2001/77/EC and 2003/30/EC (OJEU 5.6.2009 N° L 140/16).	Περί Προώθησης και Ενθάρρυνσης της Χρήσης των Ανανεώσιμων Πηγών Ενέργειας Νόμος του 2013 (N. 112(I)/2013)	Promotion of the use of renewable energy in buildings.	
Directive 2009/72/EC of the European Parliament and of the Council of 13 th July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC (DOCE 14.8.2009 N° L 211/55).	Royal Decree-law 13/2012 + 17/2007 Act, of 4 th July 2007, amended 54/1997 Act, of 27 th November 2007, <i>del Sector Eléctrico</i> (BOE 05/07/2007 N°160).	Basic standards for electricity sector.	
Heating, hot water and refrigeration			
Commission Delegated Regulation (EU) N° 626/2011 of 4 th May 2011 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of air conditioners (OJEU 6.7.2011 N° L 178/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006)	Labelling and information to be provided about air conditioners.	
Commission Delegated Regulation (EU) N° 1060/2010 of 28 th September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household refrigerating appliances (OJEU 30.11.2010 N° L 314).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006))	Labelling and information to be provided about household refrigerating appliances.	
Directive 2009/73/EC of the European Parliament and of the Council of 13 th July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJEU 14.8.2009 N° L 211/94).	Ο περί Ρύθμισης της Αγοράς Φυσικού Αερίου Νόμος του 2004 (N. 183(I)/2004)	Basic legislation about natural gas in buildings and dwellings.	
Council Directive of 10 th December 1982 amending Directive 78/170/EEC on the performance of heat generators for space heating and the production of hot water in new or existing non-industrial buildings and on the insulation of heat		Legislation about heating and hot water in dwellings and buildings.	

and domestic hot-water distribution in new non-industrial buildings (OJEC 31.12.1982 N° L 378/19).			
Household appliances			
Commission Delegated Regulation (EU) N° 392/2012 of 1 st March 2012 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household tumble driers (OJEU 9.5.2012 N° L 123/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006))	Labelling and information to be provided about tumble driers.	
Commission Delegated Regulation (EU) N° 1059/2010 of 28 th September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household dishwashers (OJEU 30.11.2010 N° L 314/1).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006))	Labelling and information to be provided about dishwashers.	
Commission Delegated Regulation (EU) N° 1061/2010 of 28 th September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of household washing machines (OJEU 30.10.2010 N° L314/47).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006))	Labelling and information to be provided about washing machines.	
Commission Delegated Regulation (EU) N° 1062/2010 of 28 th September 2010 supplementing Directive 2010/30/EU of the European Parliament and of the Council with regard to energy labelling of televisions (OJEU 30.11.2010 N° L 314/64).	Ο περί της Ενεργειακής Απόδοσης κατά την Τελική Χρήση και τις Ενεργειακές Υπηρεσίες Νόμος του 2009 (N. 31(I)/2009) and Ο περί Ρύθμισης της Ενεργειακής Απόδοσης των Κτιρίων Νόμος του 2006 (N. 142(I)/2006))	Labelling and information to be provided about televisions.	
Commission Directive 2003/66/EC of 3 rd July 2003 amending Directive 94/2/EC implementing Council Directive 92/75/EEC with regard to energy labelling of household electric refrigerators, freezers and their combinations (OJEU 09.07.2003 N° L 170/10).		Labelling and information to be provided about household electric refrigerators and freezers.	
Commission Directive 2002/40/EC of 8 th May 2002 implementing Council Directive 92/75/EEC with regard to energy labelling of household electric ovens (OJEC 15.05.2012 N° L 128/45).		Labelling and information to be provided about household electric ovens.	
Commission Directive 96/60/EC of 19 th September 1996 implementing Council Directive 92/75/EEC with regard to energy labelling of household combined washer-driers (OJEC 18.10.1996 N° L		Labelling and information to be provided about household combined washer-	

266/1).		driers.	
Lifts			
European Parliament and Council Directive 95/16/EC of 29 th June 1995 on the approximation of the laws of the Member States relating to lifts (OJEC 07.09.1995 N° L 213).	Ο περί Βασικών Απαιτήσεων που πρέπει να πληρούν Καθορισμένες Κατηγορίες Προϊόντων Νόμος του 2002 (N.30(I)/2002)	Legislation about lifts.	
Boilers			
Council Directive 92/42/EEC of 21 st May 1992 on efficiency requirements for new hot-water boilers fired with liquid or gaseous fuels (OJEC 22.06.1992, N° L 167). Amended by Council Directive 93/68/EEC of 22 July 1993 (BOE 27.03.1995 N° 73).		Legislation about boilers.	
Hazardous substances			
Directive 2011/65/EU of the European Parliament and of the Council of 8 th June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment (OJEU 01.07.2011 N° 174/88).		Legislation about restricted substances: organ pipes of tin and lead alloys.	
CONSUMERS			
Directive 2011/83/EU of the European Parliament and of the Council of 25 th October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council (OJEU 22.11.2011 N° L 304/64).	Ο περί των Δικαιωμάτων των Καταναλωτών Νόμος του 2013 (N. 133(I)/2013)	Information and consumer rights. Legislation referred to procurement of services, car park. Immovables are excluded: lease of housing, but not of premises.	
Directive 2009/136/EC of the European Parliament and of the Council of 25 th November 2009 amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services, Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector and Regulation (EC) N° 2006/2004 on cooperation between national authorities responsible for the enforcement of consumer protection laws (OJEU 18.12.2009 N° L 337/11).		Consumer protection in the procurement of communication services.	

Directive 2009/22/EC of the European Parliament and of the Council of 23 rd April 2009 on injunctions for the protection of consumers' interests (OJEU 01.05.2009, N° 110/30).	Ο περί της Έκδοσης Δικαστικών Διαταγμάτων για την Προστασία των Συλλογικών Συμφερόντων των Καταναλωτών Νόμος του 2007 (N. 101(I)/2007)	Collective injunctions infringements of Directives Annex I.	
Directive 2006/114/EC of the European Parliament and of the Council of 12 th December 2006 concerning misleading and comparative advertising (OJEU 27.12.2006, N° L 376/21).	Ο περί Ελέγχου των Παραπλανητικών και Συγκριτικών Διαφημίσεων (Τροποποιητικός) Νόμος του 2007 (N.98(I)/2007)	Misleading advertising and unfair business-to-consumer commercial practices.	
Directive 2005/29/EC of the European Parliament and of the Council of 11 th May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) N° 2006/2004 of the European Parliament and of the Council (OJEU 01.6.2005 N° L 149/22).			
Directive 97/7/EC of the European Parliament and of the Council of 20 th May 1997 on the protection of consumers in respect of distance contracts (OJEC 04.06.1997 N° L 144/19).	Ο περί της Σύναψης Καταναλωτικών Συμβάσεων εξ Αποστάσεως Νόμος του 2000 (N. 14(I)/2000)	Contracts relating to immovables are excluded, except from lease.	
Council Directive 93/13/EEC of 5 th April 1993 on unfair terms in consumer contracts (OJEC 21.04.1993 N° L 095).	Ο περί Καταχρηστικών Ρητρών σε Καταναλωτικές Συμβάσεις Νόμος του 1996 (N. 93(I)/1996)	Unfair terms	Part II 2.c 'control of contractual terms'.
Council Directive 85/577/EEC of 20 th December 1985 to protect the consumer in respect of contracts negotiated away from business premises (OJEC 31.12.1985 N° L 372/31).	Ο περί της Σύναψης Καταναλωτικών Συμβάσεων Εκτός Εμπορικού Καταστήματος Νόμος του 2000 (N. 13(I)/2000)	Information and consumer rights. Legislation referred to procurement of services. Contracts on immovables are excluded.	
HOUSING-LEASE			
Regulation (EC) N° 593/2008 of the European Parliament and of the Council of 17 th June 2008 on the law applicable to contractual obligations - Rome I (OJEU 04.07.2008 N° L 177/6).		Law applicable (art. 4.1.c and d and 11.5)	
Council Regulation (EC) N° 44/2001 of 22 nd December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (OJEC 16.01.2001 N° L 12/1).		Jurisdiction (art. 22.1)	

Commission Regulation (EC) N° 1920/2001 of 28 th September 2001 laying down detailed rules for the implementation of Council Regulation (EC) N° 2494/95 regarding minimum standards for the treatment of service charges proportional to transaction values in the uniform index of consumer prices and amending Regulation (EC) N° 2214/96 (OJEC 29.9.2001 N° L 261/46).		CPI uniformity. Art. 5 includes estate agents' services for lease transactions.	
Commission Regulation (EC) N° 1749/1999 of 23 rd July 1999 amending Regulation (EC) N° 2214/96, concerning the sub-indices of the uniform indices of consumer prices (OJEC 13.8.1999 N° L 214/1).			Part II 2.d 'Index-oriented increase clauses'.
Council Regulation (EC) N° 1687/98 of 20 th July 1998 amending Commission Regulation (EC) No 1749/96 concerning the coverage of goods and services of the uniform index of consumer prices (OJEC 31.07.1998 N° L 214/12).		CPI harmonization. Subscript 4: Lease, housing preservation and repair, water and other services.	
Commission Regulation (EC) N° 2214/96 of 20 th November 1996 concerning uniform indices of consumer prices: transmission and dissemination of sub indices of the HICP (OJCE 21.11.1996 N° L 296/8).			
Recommendation 65/379/EEC: Commission Recommendation of 7 th July 1965 to the Member States on the housing of workers and their families moving within the Community (OJEC 27.07.1965 N° L 137/27).		Discrimination on grounds of nationality. Equality in granting housing, aids, subsidies, premiums or tax advantages to workers who have moved within the EU.	
DISCRIMINATION			
Council Directive 2004/113/EC of 13 th December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services (OJEU 21.12.2004 N° L 373/37).		Discrimination on grounds of sex.	
Council Directive 2000/43/EC of 29 th June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin (OJEC 19.07.2000 N° L 180/22).	Ο περί Καταπολέμησης των Φυλετικών και Ορισμένων Άλλων Διακρίσεων (Επίτροπος) Νόμος του 2004 (Ν.42(Ι)/2004)	Discrimination on grounds of racial or ethnic origin.	Part II 2.c 'Restrictions on choice of tenant - antidiscrimination issues'.
IMMIGRANTS OR COMMUNITY NATIONALS			

Council Directive 2009/50/EC of 25 th May 2009 on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment (OJEU 18.06.2009 N° L 155/17).		Equality of treatment with housing (art. 14.1.g.) However, Member States may impose restrictions (art. 14.2).	
Directive 2004/38/EC of the European Parliament and of the Council of 29 th April 2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States amending Regulation (EEC) N° 1612/68 and repealing Directives 64/221/EEC, 68/360/EEC, 72/194/EEC, 73/148/EEC, 75/34/EEC, 75/35/EEC, 90/364/EEC, 90/365/EEC and 93/96/EEC (OJEU 30.04.2004 N° L 158/77)		Discrimination on grounds of nationality. Free movement for European citizens and their families.	
Council Directive 2003/109/EC of 25 th November 2003 concerning the status of third-country nationals who are long-term residents (OJEU 23.01.2004 N° L 16/44).		Equal treatment in housing (art. 11.1.f.)	Part II 2.c 'Restrictions on choice of tenant - antidiscrimination issues'.
Council Directive 2003/86/EC of 22 nd September 2003 on the right to family reunification (OJEU 03.10.2003, N° L 251/12).	Νόμος 8(Ι)/2007.	The reunification applicant shall prove to have a habitable dwelling of suitable size (art. 7.1.a).	
Regulation (EEC) N° 1612/68 of the Council of 15 th October 1968 on freedom of movement for workers within the Community (OJEC 17.04.1964 N° L 257/2).		Equal treatment in housing and access to the housing applicants' lists (Art. 9 and 10.3).	Part II 2.c 'Restrictions on choice of tenant - antidiscrimination issues'.
INVESTMENT FUNDS			
Directive 2011/61/EU of the European Parliament and of the Council of 8 th June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) N° 1060/2009 and (EU) N° 1095/2010 (OJEU 01.07.2011, N° L 174/1).	Ο περί διαχειριστών Οργανισμών Εναλλακτικών Επενδύσεων Νόμος 56(Ι)/2013	Real estate investment funds	