

PROCLAMATION No. 80/1993

A PROCLAMATION TO PROVIDE FOR THE
LEASE HOLDING OF URBAN LANDS

WHEREAS urban land is at present owned by the Government;

WHEREAS it is necessary to provide for the utilization of urban land in such manner as can satisfy the needs of the various sections of the population;

WHEREAS the number of urban dwellers has continued to increase at a high rate of growth thus causing urban centres to expand without plan and further complicating the problems associated with the allocation of urban land;

WHEREAS, on the contrary, the financial capacity of urban centres based on revenues collected from land use fees and other sources has proved inadequate to finance the building of infrastructure and the provision of social services to urban dwellers;

WHEREAS, considering the present shortage of dwelling houses in urban centers, it is necessary to expedite the building, by various sections of urban dwellers having different income levels, of dwelling houses according to their capacities and needs;

WHEREAS, in particular, it is necessary to create a source of revenue for the purpose of financing the supply of dwelling houses to satisfy the needs of low income groups;

WHEREAS the law presently in force, namely, the Government Ownership of Urban Lands and Extra-Houses Proclamation No. 47/1975 does not provide for the value of land utilization to be expressed in terms of money;

WHEREAS, because of this circumstance, it has been found necessary to create the conditions whereby the right to use urban land can have market value and thereby implement the free market principles which underline the economic policy of the Transitional Government;

WHEREAS, the non-transparent application of the permit system of land holding and utilization provided for in the Proclamation referred to above is beset with loopholes making it difficult to control discriminatory treatment of applicants and corruption;

WHEREAS, the need to promote the economic development of urban centres necessitates the control of appropriation of unjustified gains realized during the transfer of the right to use urban land whose value has appreciated;

WHEREAS, it is necessary to lay down the framework within which Ethiopian investors can participate in the economic development of urban centres in accordance with the Economic Policy of the Transitional Government and the laws and regulations issued for the purpose of implementing said policy;

WHEREAS, it has been recognized that in order for the economy of urban centres to grow and for their sources of revenue to expand, those who build dwelling houses and establish development enterprises need to have land tenure terms long enough to enable them to plan their activities in advance, to recover their capital expenditure and to enjoy secure land holdings;

WHEREAS, it has been found necessary to provide for the planned development of urban centres with a view to creating appropriate conditions for the provision of health facilities and other services to urban dwellers and for the economic development of urban centres;

WHEREAS, in order to achieve, in a balanced manner, the objectives stated above, it is necessary to issue a law on the lease holding of urban lands;

NOW, THEREFORE, in accordance with Article 9(d) of the Transitional Period Charter, it is hereby proclaimed as follows:

1. Short Title

This Proclamation may be cited as the "Urban Lands Lease Holding Proclamation No. 80/1993."

2. Definition

In this Proclamation, unless the context otherwise requires;

1. "urban lands" means all lands within the boundaries of a town;
2. "town" means any township where a municipality is established or an area which is designated as a town by the concerned National/Regional Self-Government in consultation with the Ministry.
3. "ministry" means the Ministry of Works and Urban Development.
4. "person" means any natural or juridical person.

3. Scope of Application

1. This Proclamation shall not be applicable to urban lands previously utilized for building dwelling houses.

2. The regulations of urban land holding for private dwelling houses which were in force prior to the enactment of the present proclamation shall continue to be in force, provided, however, that where a dwelling house is transferred to another person in any manner other than inheritance, the person to whom the said house is transferred shall hold the land in accordance with the lease holding system provided for in this Proclamation.

4. *Application for Lease Holding of Urban Land*

1. The particulars to be contained in the application of any person who desires to hold urban land on lease shall be determined by directives to be issued by national/regional councils.
2. Subject to the provisions of sub-article 1 of this Article, investors may only be required to supply information which has relevance to the master plan of the urban centre or to the allocation of land which is appropriate to the type of investment in accordance with the directives issued by the regional self-government.

5. *Lease Holding Permit*

A town administration to which application is submitted in accordance with Article 4 of this Proclamation shall only grant lease holding permit:

- a) where the urban centre has a master plan, in conformity with the land use provisions thereof, or where the urban centre does not have a master plan, in accordance with the directives issued by the regional self-government;
- b) after conducting competitive public tendering.

6. *Issuance of a Title Document of Lease Holding*

1. The town administration shall issue to the holder of the lease a title document evidencing the contract of lease at the time of leasing of the urban land.
2. The title document shall contain the following particulars:
 - a) The name of the lessee;
 - b) The part of the town where the land is located;
 - c) The grade of the land;
 - d) The size of the land and its boundaries;
 - e) The type of use for which the land is intended;
 - f) The duration of the lease;
 - g) the lease amount and terms of payment.

7. *Duration of Lease*

1. The duration of lease holding of urban land may not exceed:

a) land in 5th level urban centres allotted for various uses:

1. dwelling houses:
 - ° dwelling houses for private use 99 years
 - ° dwelling houses for letting 60 years
2. industry 60 years
3. education, science, technology, culture, health and sports 90 years
4. others 50 years

b) land in 4th level urban centres allotted for various uses:

1. dwelling houses:
 - ° dwelling houses for private use 99 years
 - ° dwelling houses for letting 70 years
2. industry 70 years
3. education, science, technology, culture, health and sports 99 years
4. others 60 years

c) land in 3rd level urban centres allotted for various uses:

1. dwelling houses:
 - ° dwelling houses for private use 99 years
 - ° dwelling houses for letting 50 years
2. industry 80 years
3. education, science, technology, culture, health and sports 99 years
4. others 70 years

d) land in 2nd level urban centres allotted for various uses:

1. dwelling houses:
 - ° dwelling houses for private use 99 years
 - ° dwelling houses for letting 99 years
2. industry 90 years
3. education, science, technology, culture, health and sports 99 years
4. others 80 years

e) land in 1st level urban centres allotted for various uses:

1. dwelling houses 99 years
2. industry 95 years
3. education, science, technology, culture, health and sports 99 years
4. others 90 years

2. Where any urban land is offered for public tendering the tendering shall be conducted as follows:

- a) the duration of the lease fixed and the rent per square metre determined by the appropriate national/regional council shall be the initial terms of the tendering;
 - b) the highest rent offered at the end of the tendering shall be the rent for the land;
 - c) the appropriate authority shall conduct a public tendering at the place announced 15 days in advance.
3. At the end of the duration, the lease shall, except where the land is required for public purposes, be renewed upon payment of the renewal rent at the rate enforce at the time of renewal. The duration of renewal shall be fixed in accordance with sub-article 1 of this Article.

B. Rate of Rent

- 1. The rate of rent of urban land shall be determined by law issued by the appropriate national/regional council taking into account:
 - a) the level of the urban centre;
 - b) the zoning of the urban centre; and
 - c) the purpose for which the particular piece of land is to be used.
- 2. In the case of urban land used for social services and low cost houses, the rate of rent payable in accordance with sub-article 1 of this Article shall be low.
- 3. Notwithstanding sub-article 1 of this Article, the rate of rent payable in respect of urban land leased after the effective date hereof shall be determined by public tendering, provided that, the rent determined by public tendering may not be lower than that fixed in accordance with sub-article 1 of this Article.
- 4. For the purpose of implementing this Article:
 - a) each national/regional self-government shall determine the level of urban centres within the region in accordance with the criteria issued by the Ministry;
 - b) each town administration shall classify urban lands within the urban centre into zones and fix their grades in accordance with the directives issued by the regional self-government.

Utilization of Urban Land

- 1. Any person who has been granted the right to hold any urban land on lease shall start to utilize the land within the time limit fixed by the appropriate national/regional council.
- 2. Any urban land held in accordance with this Proclamation shall be utilized for the purpose indicated in the title document issued in accordance with Article 6 of this Proclamation, provided that, subject to the provisions of the master plan of the urban centre, such purpose may be varied upon the prior written permission of the town administration.

10. *Transfer and Mortgage of Use-Right*

1. Subject to Articles 7 and 9(1) of this Proclamation, any person who acquires the right to hold urban land on lease may transfer or pledge such right or contribute it in the form of a share to the extent of the rent paid.
2. **Where the right to hold land on lease is mortgaged, the building on the land and its auxiliary facilities shall, unless otherwise decided, also be mortgaged; like wise, where the building and its auxiliary facilities are mortgaged, the right to hold the land on lease shall also be mortgaged.**
3. The lessee may not, on transfer of his right of lease, collect income which is higher than the rent of land he paid; nor may he mortgage such right at a value which is higher than the rent.
4. Where the lessee collects, on transfer of his right of lease, income which is higher than the rent be paid, he has the duty to pay the difference to the town administration.
5. Where a person who has mortgaged his right of lease fails to fulfil his obligations under the contract of mortgage, or where he is declared by the court to be bankrupt, the mortgagor may transfer or himself use the right of lease, the building on the land and its auxiliary facilities in accordance with the law.
6. The implementation of this Article shall be in accordance with the enactments or regulations issued by regional self-governments.

11. *Termination of the Lease Agreement*

1. **The lease agreement of an urban land may be terminated for the following reasons:**
 - a) failure by the lessee to utilize the land in accordance with Article 9 (1) of this Proclamations;
 - b) when the land is required for public purposes;
or
 - c) failure to pay the renewal rate of rent and to renew the lease agreement in accordance with Article 7 (3) of this Proclamation at the end of the duration of the lease.
2. Upon termination of the lease agreement in accordance with sub-Article 1 (a) of the present Article, the amount of rent paid by the lessee shall be returned back to him after the appropriate charges and penalties have been deducted; provided, however, that no penalty shall be paid by the lessee if failure to utilize the land is due to force majeure.
3. Upon termination of the lease agreement in accordance with Article 1 (b) or (c) of the present Article, the lessee shall receive appropriate compensation for property on the land. In addition, the lessee shall receive back amount of rent for the remaining duration of the lease where termination is effected before the end of the duration of the lease to use the land for public purposes or in accordance with the master plan.

4. Upon termination of the lease agreement in accordance with Article 1(e) of the present Article, the lessee shall deliver the land to the town administration within six months by removing all the property installed on the land.
5. The town administration may take the land with the property installed thereon if the lessee fails to remove his property from the land within the period specified in sub-article 4 of the present Article.

12. Utilization of Income From Lease

Each town administration shall use at least 90% of the revenue collected from land lease in accordance with this Proclamation for building urban infrastructure and for the construction and expansion of low cost houses.

13. Exceptional Circumstances

The Government may grant freely or without public tendering urban land which is to be utilized for investment that the Government encourages or for social services establishments or for other purposes which directly benefit the public.

14. Repeal and Inapplicability

1. The Construction and Use of Urban Houses Proclamation No. 292/1986 is hereby repealed.
2. Any law, regulations or directives which are inconsistent with this Proclamation shall not apply in respect of matters provided for in this Proclamation.

15. Transitory Provisions

1. Any person who, prior to the coming into force of this Proclamation lawfully holds an urban land other than that which is designated for the construction of dwelling houses, shall apply to the appropriate town administration within the time specified by the said administration in order to get for the urban land he holds a lease holding title document in accordance with Article 6 of this Proclamation.
2. Upon receipt of application in accordance with sub-article 1 of the present Article, the town administration shall issue to the applicant the title document after ascertaining that the applicant is holding the land lawfully and fixing the time within which the rent shall be paid.

16. Power To Issue Regulations

National/Regional Self-Governments may issue regulations and directives which are necessary for the implementation of the provisions of this Proclamation in their respective regions.

17. Effective Date

This Proclamation shall enter into force on the date of its publication in the Negarit Gazeta.

Done at Addis Ababa, this 23rd day of December 1993.

MELES ZENAWI
PRESIDENT OF THE TRANSITIONAL
GOVERNMENT OF ETHIOPIA