

New rent law threatens to change Beirut demographics

Every four years, with the renewed talk about the rent law, the battle restarts between the old tenants and owners of rented buildings. The battle occurs under the two headings of “property rights” and “the right to housing.”

Summary  Print Lebanon’s newly passed rent law, which will phase out rent contracts whose prices have been locked in place for decades, could force many poor residents to leave Beirut.

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The battle goes back to a law passed in 1939, but what is new and dangerous this year with the new rent law passed on April 1, which is pending the Constitutional Council’s approval on June 20, is that it will change Beirut’s [social structure and demographics](#) and has an economic aim that goes beyond the issue of minor owners.

The new rent law will deregulate rent prices and change the population distribution in some socially diverse neighborhoods, where the very rich live next to the very poor, such as Ain al-Mreiseh, Ras Beirut, Mina al-Husn, al-Musaytbeh, Zqaq al-Blat, al-Bashoura, al-Saifi, Khandaq al-Ghamiq, and other areas.

The debate/controversy over the new law will idle for the next 14 days, awaiting the council’s final decision after the law was published in the Official Gazette and was appealed by former President [Michel Suleiman](#) on May 20. The Gathering of Rented Buildings Owners insists that the law must be implemented because it constitutes “a glimmer of hope” to “old owners,” i.e., owners of buildings with rent contracts under the old law. The tenants’ representatives are asking for “patience” while the economic and social situations of the tenants are being considered in the absence of a housing plan and amid rising real estate prices. Those with limited income are unable to buy a home, even one as small as 80 square meters [861 square feet], in

the capital or in the outlying areas. So everyone's waiting for the Constitutional Council: Will it side with the tenants or the owners?

154,000 families

The fate of some 153,361 families (whose rent contracts are under to the old rent law) will be decided in less than three weeks. The number of families comes from statistics released by the UNDP and the Ministry of Social Affairs. But according to demographics expert Ali Faour, "This number will rise if we add the south Mount Lebanon areas of Aley and Chouf and the rents that were not recorded in the municipalities for various reasons, such as to avoid paying taxes. [The number] may rise to 180,000 rent contracts. This means that the new rent law will lead to the displacement of 180,000 families." If we assume that the average family has four members, a low estimate, then about 600,000 to 800,000 people will be displaced.

In an interview with Al-Hayat, Faour talked about the law's demographic and social implications, most notably that "there will be a new type of displacement after the Lebanon civil war phase if those families are not helped, especially since social and demographic studies show that the head of household of most of those families is retired or in old age, and most can't buy a home within the facilities provided by the Housing Bank and the Public Authority for Housing."

He said that if old buildings and real estate were sold to major companies that would demolish them and build towers to invest in Lebanese real estate, it would change "the heritage, urban nature, and diverse characteristics [of the city], especially since there are no more [than] 100 vacant lots suitable to construct buildings in Beirut." Faour warned that "the elimination of social diversity in the city ... will mean a [population] change that will affect Beirut's image and identity," whereby the city will be for the rich. Beirut neighborhoods will be isolated because the main area targeted by that law is the area around the trade center (Solidere) or the "poverty belt," as Faour called it, from Wadi Abu Jamil to Khandaq al-Ghamiq, Zqaq al-Blat, al-Bashoura, and others.

He said, “Statistics indicate that the number of old buildings covered by the law and where towers could be built in their place is up to 25,000.”

He estimated that the number of people who would leave Beirut, most of whom would be from the middle and poor classes, were about “200,000 people and they will move to the suburbs near and far. And this has significant implications on [Beirut’s] movement and diversity, and will transform Beirut’s image from a city that brings together rich and poor people in the markets and shops. ... The city of Beirut brought the sects together, but during the 1975-1990 civil war [the city] got divided on a sectarian basis. ... The housing crisis in Lebanon dates back to the period of 1939, the period of the French mandate, and it worsened during the civil war. So the landlords invented a new way to organize the rents. The new method is called the khulu [vacating]. It was a result of the sectarian sorting, and a kind of population exchange happened.”

The law excludes villas

Faour pointed out that this “law has not only implications on demography and will cause a new [population] change, but it is also contrary to how the Lebanese people perceive justice and equality among the population because [the law] excludes villas from rent deregulation.” He described the new law as a “socio-demographic bomb with major implications on the social fabric.”

About the possibility that the new law may boost the economy and [tourism in Lebanon](#), Faour said, “The urban pattern of Beirut is a diverse pattern of old and heritage buildings that must be turned into museums, as happened in France and many other countries. When the old lease contracts were deregulated [in France], the state paid the incurred fees and preserved these buildings. At the time, the French press wrote: ‘We are killing the city to protect it.’”

Faour said, “Social cohesion is very important in building the city. The emergence of neighborhoods having a single color constitutes a threat regarding sectarian sorting, as happened between Beb al-Tebeneh and Jabal Mohsen in Tripoli.”

Half the population is made up of renters

There may not be new figures on the number of leased apartments, but the 2004 figures reveal the catastrophic size of the issue. The proportion of [renters in Beirut](#) then was as follows: 44.43% in Ain al-Mreiseh, 45.85% in Ras Beirut, 34.23% in Musaytbeh, 47.07% in Bashoura, 54.76% in Ashrafieh, and 64.83% in al-Saifi, according to a study carried out and published by the Central Administration of Statistics in 2004.

The Black “Fund”

The secretary of the Committee for the Defense of Renters, Zaki Taha, told Al-Hayat that the law to liberate the old rents will change the make up of those and other areas by deregulating the rent contracts nine years after the law was issued. During the first four years, the rent will cumulatively increase, every year, by 15% of the difference in value between the rent paid before the law and the new rent assessed based on the value of the residence. In the fifth and sixth years, the increase will be 20%. So by the sixth year the rent would match market value. After this time, the owner can rent the home at market prices unless the renter requests, three months before the six-year period ends, to stay for three more years at a price that both parties agree to. “The people of the south will return to the south. And the people of Beirut [will return] to Aramoun and the adjacent areas. But the people of Metn and Mount Lebanon, where will they go?” he asked.

He pointed out that “the new law will eliminate the rent contracts unilaterally by force of law and determine the new rental rate. This violates the laws of the marketplace because [the law] will determine the rental rate like any other commodity.”

The deputies argue that the law is fair for both sides, owners and renters. To make it “fair” they created a fund to make the renters pay the cost of vacating the buildings.

Taha said the worst part of the law was the establishment of this “fund” for low income renters. The fund will be paid for by taxpayers and will pay for part of

the rent increases. This fund requires committees of assessors and investigators, committees whose members are appointed by judges and by the Ministries of Justice, Social Affairs and Finance, to estimate the rental value. But here there's a conflict of interest between the committees and the ministries. Taha said, "We are facing an imaginary fund because it will not fund anyone or will have its budget spent on the assessing committees. That's because local committees and subcommittees will be established. This point is not clear at all. Who will pay for the fund? ... They said it will be donations and grants, but nothing is clear here."

A lobby to pressure parliament

The government is supposed to set maximum and minimum rent allowances, but Taha said, "The law was originally made not by the state but by the committees to defend the owners' rights in Beirut."

He pointed out that if the Constitutional Council abrogated the law, it would return to the body that made it and that body would have to pass a new law.

He added, "This law aims to lay the hands on old property, most of which is owned by more than one heir. There are real estate companies and banks having a lot of cash and are supported by politicians."

He said the law has a "rentier [hidden aim] because we have two types of owners: old owners and new owners who bought [properties] after 1998 to evacuate the renters through a plan being studied for years, so that the old rent contracts would get deregulated and that major owners come and propose to pay khulu and take the responsibility to remove the old renters by buying the properties. That's why the law was made without the khulu." Taha confirmed that "the banks and real estate companies are lobbying parliament to prepare a draft law having no khulu."

He felt that the injustice on the renters could have been lifted by developing a plan having housing alternatives, such as public housing, which can be built on small land areas belonging to the municipalities. And if the law goes into effect, Taha said that they "will resort to escalation in the street."