

The Dubai Rental Dispute Settlement Centre: Tracking latest developments

April 2014

The RDC was established by Decree No. 26 of 2013 and has been operational since 17 November 2013 to provide improved resolutions to tenancy disputes in Dubai within a shorter time frame. Judge Abdul Qader Mousa is the current head of the RDC.

Tenancy Law

In Dubai, the relationship between landlord and tenant is governed by Law No. 26 of 2007 as amended by Law No. 33 of 2008 ("Tenancy Law").

Article 25(2) of the Tenancy Law provides four grounds whereby a landlord may evict a tenant upon expiry of the tenancy contract provided that a prior written notice of termination is served to the tenant at least 12 months beforehand by [Notary Public](#) or by registered mail. The four grounds are as follows:

1. "If the owner wishes to demolish the property for reconstruction or add new constructions that prevent tenant from benefiting from the leased property, provided that necessary licences are obtained;
2. If the property requires renovation or comprehensive maintenance which cannot be executed while tenant is occupying the property, provided that a technical report issued by Dubai Municipality or accredited by it is submitted to this effect;
3. If the owner of the property wishes to recover the property for use by him personally or by his next of kin of first degree provided that he proves that he does not own a suitable alternative property for that purpose; and
4. If the owner of the property wishes to sell the leased property."

In a recent judgment, the Appeal Department of the RDC overruled the First Instance Department of RDC in relation to eviction and non-renewal clauses in the contractual agreement between the landlord and the tenant. We highlight below the main clarifications issued by the Appeal Department regarding tenancy contracts disputes.

Notice Period

The RDC has clarified that it shall not admit any tenancy dispute case prior to completion of the mandatory 30 days' notice period stated in Article 16 of Dubai Decree No. 26 of 2013.

This is a departure from previous judgments passed by the old rent committee and adds an increased level of transparency and fairness to the parties in dispute. Further RDC's renewed approach is in compliance with best practices applicable to tenancy disputes.

Non renewal clause

A common clause seen widely in tenancy contracts is: "Renewal is at the discretion of the Landlord. This Tenancy Contract shall terminate upon expiry and the tenant shall vacate the premises."

In the present judgment, the Appeal Department of the RDC emphasized the importance of UAE public policy and regarded this clause to be in breach of such policy. Article 25(2) of the Tenancy Law lays down

the four limited grounds whereby a landlord can demand eviction of the tenant upon expiry of the tenancy contract and any other ground would not be acceptable to RDC.

In the past we have seen varying judgments with conflicting views issued by the old rent committee. We hope that the RDC continues to issue such clear judgments in future cases.

Practice Note

The decision by the Appeal Department is particularly helpful as it provides a clear judgment. The approach adopted by the new RDC is consistent with the Tenancy Law as well as public policy in UAE.

Future Developments

The RDC has indicated that they will implement various new initiatives in the near future including the following:

1. The issuance of further clarifications and the introduction of new laws relating to RDC procedures and fees;
2. Amendments to the current Tenancy Law;
3. The introduction of electronic filing for cases before the RDC whereby attendance in person will be unnecessary;
4. The introduction of a new template tenancy agreement.

Al Tamimi & Company's Litigation team together with the Property team regularly advise clients on such tenancy dispute matters, including filing and managing cases before the RDC.