



**Islamic Republic Of Afghanistan  
Kabul Municipality**



# **CITY PROPERTY LEASE POLICY STANDARD OPERATING PROCEDURES**

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# Islamic Republic Of Afghanistan

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**Applicability:** This Standard Operating Procedure, based on Kabul Municipality's Property Lease Policy, applies to all Kabul Municipality central and district offices.

It does not apply to permanent or temporary encroachments of privately owned buildings or structures on municipal land, for which an encroachment license shall be obtained.

Aspects that are not rent-specific, such as registration of asset number, insurance and depreciation, are covered by the Standard Operating Procedure related to asset management in general.

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The following procedures shall be applied for the leasing out of municipal properties.

#### 1. At district level

- 1.1. Continuous maintenance of a database of municipal properties that are leased out, and of the related contracts and contract amendments.
- 1.2. A procedure to adjust rent levels each year for inflation.
- 1.3. A procedure to monitor outstanding rent payments, and to deal with tenants that have fallen in arrears.
- 1.4. A procedure for the termination of a lease contract.

#### 2. At the central level

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- 2.2. Development and maintenance of standard rent contracts for residential property, commercial property and industrial property.

#### 1. At district level

##### 1.1 Continuous maintenance of a database of municipal properties that are leased out, and of the related contracts and contract amendments.

The ongoing computerization at district level makes it possible to establish a central database of municipal properties that are rented out. The database will contain

- information identifying each the property;
- the variables determining its rent value (listed in Schedule 1 of the Lease Determination Regulation, OG 794), such as number of floors, surface area of each floor, distance from district commercial centre, and construction type;
- information identifying the tenant;
- the start and end date of the current contract.

Districts possessing operational computers will plan and implement a data entry operation to enter all these data into an MS Excel spreadsheet.

After each quarter, districts will on that basis report to the centre, for both buildings and plots of land:

- number of properties rented out, and their total quarterly rent value;
- an informal estimate of total quarterly rent value expressed as a percentage of total market rent value;
- rent actually collected during the quarter;



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- rent arrears collected.

### **1.2 Procedure to adjust rent levels each year for inflation**

Each year by the 1<sup>st</sup> of Saratan (month 4) rent levels will be adjusted for the previous year's estimated level of inflation. Inflation is measured by the Consumer Price Index (CPI) for Kabul as published by the Central Statistical Office (<http://cso.gov.af/fa>, under National Consumer Price Index / فهرست قیمت استفاده کننده ملی).

Tenants will be informed about this annual adjustment in advance by a formal letter. The letter will mention that a tenant, if he believes this adjustment for inflation will result in a rent level 10% or more above market rates he may submit a formal objection against the CPI adjustment, substantiated by arguments, to the Director-General of Revenue of Kabul Municipality.

### **1.3 Procedure to monitor outstanding rent payments, and to deal with tenants that have fallen in arrears**

- Districts will maintain records for each tenant, reflecting due rent amounts, amounts actually paid, and accumulated arrears for each month.
- A tenant will be given an oral reminder by means of a visit two weeks after expiry of the payment deadline. If the tenant has a reasonable explanation and a good payment record, an arrangement to pay the arrears in installments may be negotiated. The arrangement will be laid down in writing and signed by both parties.
- If non-compliance continues the district will give a formal written reminder one month after expiry of the payment deadline, warning the tenant of actions that the municipality will consider to take.
- Another written reminder, two months after expiry of the payment deadline, will warn him of actions that the municipality will take, and request him to leave the premises by the end of the third month if payment will not take place.
- After the term mentioned in the contract (in some districts this is as high as one year, the municipality's policy is to adjust this downward soonest), the district will evict the tenant. If the tenant does not leave voluntarily, police support will be invoked.

### **1.4 Procedure for the termination of a lease contract**

- If the contract will be ended at the instigation of the district, formal notice will be given observing the notification term in the contract.
- Eventual subtenants are formally summoned to evacuate the premises immediately.
- After evacuation of the property, district officers will conduct a technical inspection, to identify changes (in particular damage) to the property made by the former tenant with or without the approval of KM.
- The district will decide on the removal, at the costs of the former tenant, of all major changes, including buildings, other structures and trees, that did not receive KM's prior written approval.
- The former tenant will be informed in writing about the need for repairs and for the removal of garbage, to the extent he is responsible for them.
- Keys of the property and its inventory need to be returned to the district office.



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- In case of arrears, if the tenant does not clear them before evacuating the property, information on his whereabouts will be timely put on record and the case will be handed over to a private sector bailiff.
- The district will decide on the need for repairs and maintenance due to wear and tear, which are for the account of the municipality.
- A competitive procedure will be followed to identify a new tenant (see § 2.1).

## **2. At the central level**

### **2.1 For properties that are not (yet) allocated: an auction**

- For properties that are not (yet) allocated, a competitive tender procedure will be held in line with the Procurement Act (OG 957), art. 3(18)) and 88.
- For high value properties (estimated rent value above US\$ 3,000 per month), tenderers are respect to submit evidence of their financial capacity.
- All proposals received after the due date shall be evaluated by the Municipal Evaluation Committee, in which the district will be represented, and the contract shall be awarded to the best proposal.

For properties that are already rented out, no auctions will be held.

### **2.2 Development and maintenance of standard rent contracts for residential property, commercial property and industrial property.**

Kabul Municipality will develop standard rent contracts for residential property, commercial property and industrial property. These standard contracts, to be used by the districts, will cover the following issues.

- A reference to the relevant part of the Civil Code (Book Three, Title Two, Chapter One: Lease; art. 1322-1455).
- Entry into force and duration of the contract.
- The initial level of the rent.
- The fact that this initial level will be adjusted annually for inflation.
- Frequency and timing of rent payments.
- A limitation of the right of the tenant to rent out the property to another person (a sub-tenant) to cases where prior written approval was obtained from the municipality.
- Responsibility of the tenants for the costs of electric power, water and telephone landlines.
- Allocation of the costs of repairs and maintenance with respect to buildings, drainage and landscaping between the municipality and the tenant.
- Regulation of the right of the municipality to inspect the premises, with respect for the privacy of the tenant.
- Notice period to terminate the contract from either side.
- Improvements becoming property of the Kabul Municipality upon termination of the lease, if prior written approval was obtained; otherwise Kabul has the right to remove them at the cost of the tenant.
- Mechanism for dispute resolution, after attempts at reconciliation in a cooperative spirit have failed: via the courts of Kabul.



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Existing booklets that fall short of these standards will be replaced. The booklets allowing tenants to be in arrears for one year before eviction may start (article 6 of the booklets used by several districts) will be replaced with priority.

In the future, districts will issue contracts following the contract template issued by the centre.

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