

Constitution of RERA

Redefining the parameters

On 31 July 2007, HH Sheikh Mohammed Bin Rashid Al Maktoum, vice president of the UAE and ruler of Dubai, issued a decree establishing the Real Estate Regulatory Authority (RERA) in Dubai. According to the decree, the jurisdiction of RERA will mainly cover the following: issuing real-estate policies, strategies and regulations; registering real-estate agents, brokers and developers; and conducting studies related to the real-estate sector. It will also oversee the operations of property developers, management companies, financing institutions, brokers and owners' associations.

Over the past 5 years, Dubai has emerged as one of the fastest growing cities in the world boasting the tallest building, soon the biggest mall and the most ambitious land reclamation projects ever undertaken. This immense expansion in construction must be supplemented by the

creation of modern rules, legislation and formation of new authorities to help ensure long term stability in the real-estate and property sector in Dubai.

Until now, real-estate matters have been dealt with by the Dubai Land Department, the Rent Committee at the Dubai Municipality, and the Dubai Department of Economic Development (DDED), however, with the constitution of RERA, the control over all essential real-estate activities will now be transferred to this new regulatory body.

RERA's powers in relation to existing authorities

All companies applying to carry out real-estate related activities in Dubai will need to obtain an approval from RERA before submitting their application to the DDED. Local consultants and engineers will now be involved directly making the procedures faster and more accurate.

RERA will also be in charge of registering real-estate brokers and agents in addition to circulating template contracts regulating the standard terms of agreements between real-estate agents and third-party investors. The new authority will also be responsible for preparing standard templates of lease agreements and will be forming a new tribunal in charge of resolving disputes between landlords and tenants. This tribunal will replace the Dubai Rent Committee. RERA is set to become the most influential authority within the real-estate sector in the UAE.

RERA's powers in relation to recently introduced laws

Regarding the latest Trust Account Law, every developer will be required to obtain the approval of RERA before setting up a trust account at one of the approved banks.

RERA will be involved in applying the new Strata Law expected to be issued shortly. The Strata Law will regulate the management of communal areas in common hold properties, which refers to lifts, swimming pools, corridors, car parking spaces, etc. The final draft of the law has been approved, however, it has not been signed yet.

RERA will also take charge of rental issues with regard to a new law regulating the relationship between landlords and tenants. A first draft of the law has been issued and is awaiting final approval. The expected law will set the major rules for leasing commercial and residential properties and, given that the rental rates in Dubai are among the highest in the world, having an authority like RERA will help organise and regulate most rental issues, while giving consumers the assurance that their rights will be better protected.

RERA will also work on the planning and development of the real-estate and property sector involving the calculation of statistics. This information will be accessible online through RERA's official website which will be launched shortly.

The prospect of this new authority is a positive step towards regulating one of the most prominent industrial sectors in Dubai. Although the challenges for achieving this are significant, fortunately, the continuing efforts promise even better results. *Text: Jimmy Haoula with additional inputs by Tarek Naccache. Edited: Architecture+*