

Law No. 27 of 1995

On

Private Sector Contribution to Construction of State-Owned Open Lands
for Housing Welfare Purposes

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Law No. 27 of 1995 on Private Sector Contribution to Construction of State-Owned Open Land for Housing Welfare Purposes.¹

Having perused:

- The Constitution;
- Law No. 15 of 1972 Concerning Kuwait Municipality, and amending laws thereof;
- Decree by Law No. 67 of 1980 Promulgating the Civil Law;
- Decree by Law No. 105 of 1980 on the Regulation of State Domains, and amending laws thereof;
- Law No. 47 of 1993 Concerning Housing Welfare, and amending laws thereof;

The National Assembly of the State of Kuwait approves and hereby endorses and promulgates the following law:

Chapter One Definitions

Article (1)

In so implementing the provisions of this law, the following terms shall have the meanings assigned thereto:

1. **Contractor:** Means the persons of the private sector referred to in Article 5 of this Law².
2. **The Public Authority for Housing Welfare:** Means Public Authority for Housing Welfare (PAHW),
3. **Housing Welfare:** Means the welfare set forth in Law No. 47 of 1993 Concerning Housing Welfare.
4. **Infrastructure:** Includes road networks; construction of network pipelines of fresh water, brackish water, sanitary drainage and rain water sewers and storm water and

1. Published in the Official Newspaper Issue no. 215 dated 16/07/1995

2. Items (1 & 7) are amended under Law No. (7) of 2005. Prior to amendment, the wording of Item no. 1 reads: Persons of the private sector referred to in Article 4 of this Law.

- connection them to the plots and all utilities and facilities; laying down telephone lines to all plots and all utilities and facilities; construction of power transformers and laying down electric lines therefrom to plot sites, all utilities and networks; connecting networks and the referred lines to the main networks and lines and connecting the internal roads to main roads.
5. **Public Utilities:** Means police stations, general fire brigades, boys and girls government schools of different stages, mosques, imam accommodations, youth welfare centers, clinics, cooperative societies, gas fuel stations, post and telephone offices and any other facilities stated in conditions booklets.
 6. **Invitation:** Means description of the nature and basic terms of the contract to be concluded with the contractor, banking guarantees to be submitted, spaces to be constructed and sites, boundaries and landmarks thereof, the number of plots to be prepared and the area of each plot ³.
 7. **Bid:** Means documents submitted by the contractor, including his quotation, acceptance of all PAHW conditions, readiness to implement the required works stated in conditions booklets within the scheduled timelines and his acceptance of penalty clauses and other the contractual conditions.⁴
 8. **Conditions documents:** Means description of tender works, terms, specifications and time of completion of each phase of work and final handover date;

3. Clause (6) of Article (1) is amended under Law No. (27) of 1996 and its wording prior to amendment reads: 6: Invitation: Description of nature and basic terms of the contract that will be concluded with the contractor, banking guarantees to be submitted, spaces to be constructed and sites, boundaries and landmarks thereof, the number of plots to be prepared and the area of each plot as well as the readiness of the contractor to self-finance the project; his acceptance to collect his dues after offering such plots for sale and receiving their prices, provided that the payment of such dues shall be made from the proceeds of the selling of the plots under the system established by PAHW.

4. Item (7) of Article (1) is amended under Law No. (7) of 2005 and its wording prior to amendment reads: Bid means documents submitted by the contractor, including his acceptance of all PAHW terms, readiness to execute the required works stated within the timelines, acceptance of the penalty clauses, agreed upon compensations and the cost of the meter inclusive supplying the necessary materials, total actual costs and profit margins.

Chapter Two Provision of Lands

Article (2)⁵

Kuwait Municipality shall prepare, organize and handover the land plots allocated for private housing purposes according to the structural plan. Such land plots shall be handed over to PAHW free of any obstacles no later than six months from the effective date of this law, provided that the area to be handed over as the first batch shall be sufficient for constructing (50,000) housing units in accordance with the provisions of Article 7 hereof.

The second batch shall be handed over to PAHW, which will be sufficient for constructing up to 10,000 housing units within the following six months. The land plots shall then continue to be handed over successively to PAHW every three months from the scheduled date for handover of the second batch under the same previous terms and conditions. The area of the plots to be handed over should be sufficient for meeting the listed demands of the housing welfare.

Article (3)

All other concerned government authorities, each within its jurisdictions, shall immediately remove the obstacles subject to the dates of the handover of land as referred to in the above article.

The ministries and public institutions concerned with the provision of key services to such plots and related public utilities shall comply with the dates that coincide with the housing projects schedules offered in accordance with the provisions of this law and the necessary financial provisions shall be allocated in their budgets.⁶

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5. Replaced by Law no. 113 of 2014 and its wording reads: Kuwait Municipality shall prepare and organize the land plots allocated for private housing purposes according to the structural plan. Such land plots shall be handed over to PAHW free of any obstacles no later than six months from the effective date of this law, provided that the area to be handed over as the first batch will be sufficient for construction of (30,000) housing units in accordance with the provisions of Article 7 hereof. The second batch to be handed over to PAHW will be sufficient for constructing up to 10,000 housing units within the following six months. The land plots shall then continue to be handed over successively to PAHW every three months from the scheduled date of handover of the second batch under the same previous terms and conditions. The areas to be handed over should be sufficient to meet the listed demands of the housing welfare”.
 6. The last paragraph of Article (3) is added under Law no. 7 of 2005.

Article (4)

Without prejudice to the provisions of Article 34 of the Law No. 47 of 1993 referred to, the Chairman of PAHW shall provide the National Assembly with a biannual report showing an appropriate description of the total area of lands, handed over to PAHW, its sites, number of housing plots to be completed and the period scheduled for construction for purposes of implementing this law.

Chapter Three Invitation of Private Sector

Article (5)^{7 8 9}

PAHW shall invite, from the effective date of this law and at other times to be determined by PAHW, projects for development of the lands referred to in Article (2) of this law, to the private local or international companies qualified for contracting through public tenders.

The conditions booklets shall be prepared according to PAHW's decision in this respect. The Kuwait Municipality shall issue its

7. Article 5 is replaced under Law no. (27) of 1996 and its wording prior to amendment reads: PAHW shall, within six months of the effective date of this law and within other dates determined by PAHW, invite local and international companies and firms to submit their bids for development of the lands referred to in Article 2 of this law within three months of the date of announcement of the invitations.

The invitation shall be published in at least two daily newspapers at the same time and in audio and video mass media. The conditions booklets shall be prepared according to PAHW's decision in this respect.

8. The first paragraph of the Article (5) is amended under Law no. 7 of 2005 and its wording prior to amendment reads: PAHW shall, within nine months of the effective date of this law and within other dates determined by PAHW, invite the local and international companies and firms to submit their bids for development of the lands referred to in Article 2 of this law within nine months of the date of announcement of the invitations.

9. Article 5 is replaced under Law no. (113) of 2014 and its wording prior to replacement reads: PAHW shall, from the effective date of this law and within other dates determined by PAHW, offer projects for development of the lands, referred to in Article 2 of this law in implementation of the provisions of clauses 4, 5 of Article (1) of this law, through public tenders for the local and/or international companies and firms to submit their bids for development of the lands referred to in Article 2 of this law within nine months of the date of announcement of the invitations.

Should the requirements fail to be completed within the specified period stated in the preceding paragraph, the Council of Ministers may extend this period for further three months. The invitation shall be published in at least two daily newspapers at the same time and in audio and video mass media. The conditions booklets shall be prepared according to PAHW's decision in this respect. Kuwait Municipality shall issue its resolution on the plans submitted to it no later than two months from the date of receiving such plans".

resolution on the plans submitted to it no later than two months from the date of receiving the plans.

Chapter Four Processing of Bids and Awarding

Article (6)

Bids submitted by contractors shall be studied, ranked, and decided, contracting and supervised in accordance with the rules and standards applicable with PAHW.

Chapter Five Prices and Specifications of Plots

Article (7)¹⁰

The plot size must be no less than 400 m².

Article (8)¹¹

The determination of sale prices of the plot shall be fixed based on nominal sale price by the Council of Ministers plus the respective cost percentage of executing the infrastructure cost of the plot.

The respective cost percentage of executing the infrastructure cost of the plot shall be calculated by dividing the total cost by the overall space of developed lands to determine the cost per square meter and then multiplied by the cost per meter of the plot area. The amount to be paid by the person eligible to the plot of its respective percentage of the cost of executing the infrastructure shall be proportional to his waiting period to obtain the plot, with effect from the date of submitting his application according to the following ratios:

- a) A hundred percent (100%) of the plot cost of executing the infrastructure, if the waiting period does not exceed one year;
- b) Eighty percent (80%) of the plot cost of executing the infrastructure, if the waiting period is more than one year and less

10. Article 5 is amended under Law no. (7) of 2005 and its wording prior to amendment reads: The plot area must be no less than 400 m²). The variation of the spaces of the plots shall be permitted only to the extent technical requirement of divisions.

11. Article 8 is amended under Law no. (7) of 2005 and its wording prior to amendment reads: The sale pricing of the plot shall be fixed on nominal rate basis by PAHW Board of Directors plus the respective percentage of the plot in the total cost of its construction.

- than two years;
- c) Sixty percent (60%) of the plot cost of executing the infrastructure, if the waiting period is more than two years and less than three years;
 - d) Forty percent (40%) of the plot cost of executing the infrastructure, if the waiting period is more than three years and less than exceed four years;
 - e) Twenty percent (20%) of the plot cost of executing the infrastructure, if the waiting period is more than four years and less than five years;
 - f) Nothing of the plot cost of executing the infrastructure, if the waiting period exceeds five years.

PAHW shall repay all amounts paid by the citizens for infrastructure of the projects before this Law¹².

The plot price shall be payable to PAHW in accordance with the rules to be established by PAHW in this respect.

Chapter Six Sale of Plots

Article (9)^{13 14}

PAHW shall announce the sale of the plots and priority thereto shall be given to those who are eligible for housing welfare. The sale of the plots to none eligible persons shall not be permissible except in case of excess plots or such plots not soled according to the previous manner.

Article (10)

The purchase of the plot shall be considered fulfillment of the right to

12. Amended under Law no. (25) of 2006 and its wording prior to amendment reads: PAHW shall repay half of the amounts paid by the citizens for the infrastructure of the projects before this law.

13. Article (9) is amended under Law no. (27) of 1996 and its wording prior to amendment read PAHW shall announce the Sale of the plot only to those eligible to housing welfare after the completion of the infrastructure.

14. Replaced under Law no. (113) of 2014 and its wording prior to replacement reads: PAHW shall announce the Sale of the plot only to those eligible to housing welfare.

housing welfare, without prejudice to the purchaser's right to obtain the real estate loan required for building.

Article (11)

The announcement of the sale, information, means and how to express willingness to purchasing shall be in accordance with the rules and regulations set by PAHW in this concern.

Article (12)

PAHW shall undertake the allocation and distribution according to the order of registration of applications with PAHW and as per housing welfare system set forth in the said Law No. 47 of 1993.

Chapter Seven General Provisions

Article (13)

Without prejudice to the provisions of this law, the housing plots shall be governed by other provisions set forth in Law No. 47 of 1993 referred to.

Article (14)

Charges of construction of public utilities shall be assumed by the state. And any public buildings, facilities, and services in accordance with the provisions of this law shall be owned by the State.

Article (15)

PAHW shall set the penalty conditions necessary for the contracts signed with contractors, as per to PAHW's established practices.

Article (16)

PAHW Board of Directors shall pass the resolutions necessary to

implement the provisions of this law within three months from the effective date of this law.

Article (17)¹⁵

The provisions of Law No. 105 of 1980 mentioned herein above shall apply to all matters not specifically stated hereunder to an effect that does not contradict with its provisions.

Except for the plots allocated for private housing purposes, should the executed housing welfare projects, according to the provisions of this law, or the provisions of the said Law No. 47 of 1993 include plots allocated for commercial, investment, industrial, trade or service use, these shall be offered for sale in public auction after full completion of basic infrastructure.

However, if such projects contain other plots allocated for other uses than private housing or for other than commercial, investment, industrial, trade or service use, the Council of Ministers shall pass the resolutions necessary for the disposal of such plots, upon the proposals of concerned ministers and Minister of Finance. No plot ownership may be transferred to third parties if the Council of Ministers decides to sell the same unless these are offered for sale in public auction in accordance with the provisions of the preceding paragraph.

Units allocated for private housing purposes, including plots, houses and apartments within the projects referred to in the second paragraph of this Article may not be disposed of in any manner, unless such properties are in excess, having met all applications of those eligible to housing welfare, in accordance with the provisions of this law and the provisions of the said Law No. 47 of 147 of 1993. Such excess shall then be disposed of by offering the same for sale in public auction in accordance with the conditions set forth in Article 17 bis of this law.

If at any time the use of any site allocated for housing welfare is to be changed¹⁶, at the request of PAHW, or at the request of any other public authority, to commercial or investment use and under approval of Kuwait

15. Paragraphs 2, 3 and 4 are added to Article 17 of Law no. 7 of 2005

16. Paragraph (5) is added to Article 3 of Law no. 45 of 2007

Municipality of the same and under a regulated project all its components to be allocated for commercial and investment use shall be offered for sale in public auction, in accordance with the provisions of the second paragraph of this article. Moreover, all proceeds of such sale shall be transferred to PAHW, according to the provisions of Article 17 bis of this law so that PAHW provided that PAHW shall undertake the implementation the site basic infrastructure.

PAHW shall be entitled to lease and determine the utilization rights of the plots it owns which are allocated for uses other than housing within its housing projects to such categories and under such terms, positions and constraints to be determined under PAHW Board of Directors resolution.¹⁷

Article (17) bis ¹⁸

Subject to the provisions of applicable law, only natural persons may participate in auction on real estate properties allocated for private housing purposes and offered for sale in accordance with the provisions of paragraph (4) of the above article. No person may be awarded at any time more than one plot and the area of plot may not exceed one thousand square meters (1000 m²) unless the area of the plot offered for sale exceeds such area, due to the planning of the project approved by Kuwait Municipality or PAHW, provided that the increase in any of the plots shall in no case exceed two hundred fifty square meters (250 m²). Moreover, in no time may such plots be sorted out or combined.

The Council of Ministers shall fix the dates for offering the plots determined to be sold in public auction in accordance with the provisions of this Article and the preceding article, and shall state the method for transferring all sale proceeds of properties to PAHW. It shall also set the nature of their use, the conditions for building and other terms. Following their sale, the nature of their use may not be altered or other terms and conditions introduced to the building on which basis the auction is offered, unless in accordance with a new development project. Any action

17. Last paragraph of Article (17) is added as per Law Decree no. (27) of 2012

18. Last Article (17) bis is added under Law no. (7) of 2005

contrary to the provisions of this Article and the preceding article shall be deemed ab initio void and null as well as and any effects consequential thereupon.

Article (18)

The Ministers, each within his jurisdiction, shall implement this law.

Amir of State of Kuwait
Jaber Al-Ahmad Al-Sabah

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