

On 1 January 2023 a new law comes into force regarding the termination of compulsory shared ownership in privatized multi-apartment buildings. What should you look out for?

November 2022

PROPERTY LAW
Latvia

Latvia has a long history of shared ownership problems and there have been countless disputes in recent years. Thus, the Parliament of Latvia adopted a new law [1] that will offer apartment owners in forced shared ownership apartment buildings the right and opportunity to buy the land attached to the building at its cadastral value.

What do you need to know?

- In the event of forced shared ownership, the new law establishes the procedure for initiating and implementing the process of establishing a single land and building property. Specifically, if the apartment building with privatized apartment properties is located on land owned by a third person.
- The new legal framework will make it possible to resolve the problems of forced shared ownership affecting at least 3,677 privatized apartment buildings with almost 111,000 apartment properties as stated by Deputy Prime Minister, Minister of Justice Jānis Bordāns [2].
- The termination of shared ownership property will not only terminate compulsory lease relations but also significantly increase the value of the immovable property, which will promote stability in the legal and real estate sector.

General information

For the land to be bought back by the apartment owners, a positive decision and consensus will have to be made by the whole building community not one single owner.

Once the buy-out process has started and the State Land Service notifies the apartment owners, then a bailiff will enter the case for the compulsory termination of the shared property [3]. This law establishes the procedure for the bailiff to carry out the property unification process. Apartment owners will be able to buy the land at a price for the sum of the cadastral value of the land units and their relevant parts. Moreover, the land shares will be distributed in relation to the size of the dominant share of the common building property. After the cadastral survey of the land and the registration of the ownership rights, the bailiff will pay the land purchase price to the landowner. [3]

The costs of the case and the remuneration of the bailiff will be covered by the state budget funds per the procedure established by the Cabinet of Ministers [3].

Sources:

[1] *The Parliament of Latvia, Law on the Compulsory Termination of Shared Ownership in Privatised Apartment Buildings*, available in Latvian: <https://likumi.lv/ta/id/328166-piespiedu-dalita-ipasuma-privatizetajas-daudzdzivoklu-majas-izbeigsanas-likums>

[2] *LV Portāls, Parliament adopts law on ending shared ownership of apartment buildings*, available in Latvian: <https://lvportals.lv/norises/335118-saeima-pienem-likumu-par-dalita-ipasuma-izbeigsanu-daudzdzivoklu-majam-2021>

[3] *The Parliament of Latvia adopts law on the compulsory termination of shared property*, available in Latvian: <https://www.saeima.lv/aktualitates/saeimas-zinas/30397-saeima-pienem-piespiedu-dalita-ipasuma-izbeigsanas-likumu>

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