

## ***Chapter 3. Provision of Adequate, Safe and Affordable Housing and Basic Services***

### **A. HOUSING PROVISION**

At 1 January 2017, the total floor area of the housing stock was 342.6 million m<sup>2</sup>. There were 5,115,260 houses in Kazakhstan at 1 January 2017, including 3,398,679 houses of urban housing stock and 1,716,581 houses of rural housing stock (calculated on the basis of the total population and an average household size of 3.6 persons). The average housing provision was comparatively high, at 21.4 m<sup>2</sup>/person; this indicator grew by 20 per cent compared to 2005 (17.5 m<sup>2</sup>/person). Nevertheless, there is significant demand for housing related to the population growth, migration and urbanization.

According to the Nurly Zher Housing Construction Programme<sup>27</sup> (Nurly Zher), the number of citizens in need of housing reached 2.5 million (14% of the population) as of 1 December 2016. But this figure takes into account only (i) citizens registered LEAs as those in need of housing from the municipal housing stock (400,000 people), (ii) citizens with deposits in the Housing Construction Savings Bank (HCSB) (780,000 people), and (iii) citizens on the waiting list for land parcels for individual housing construction (1.3 million people). The actual need for the improvement of housing conditions could be much higher.

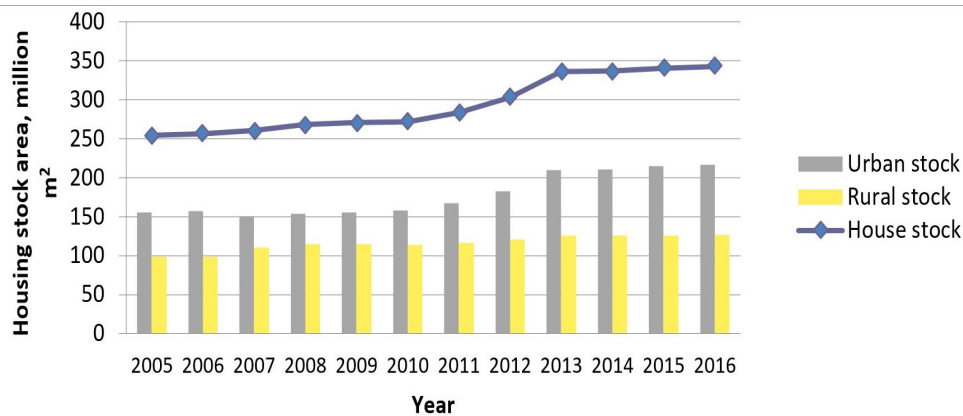
The housing provision rate in urban areas is higher than that in rural areas: the urban housing stock has a total floor area of 216.1 million m<sup>2</sup>, which is 1.7 times larger than the area of the rural housing stock (126.5 million m<sup>2</sup>). Since 2005, the total housing stock floor area grew 34.56 per cent – urban areas, 38.79 per cent, and rural areas, 27.91 per cent (Figure 5). The rate of housing provision for the urban population increased by 25.7 per cent (18.7 m<sup>2</sup>/person) since 2005; for the rural population, it increased only by 11.9 per cent (15.9 m<sup>2</sup>/person). There are 23.5 m<sup>2</sup>/person in urban areas, compared to 17.8 m<sup>2</sup>/person in rural areas. Among urban human settlements, Astana (29.0 m<sup>2</sup>/person) and Almaty (27.0 m<sup>2</sup>/person) have the highest housing provision rates, while the Zhambyl Region in Southern Kazakhstan (18.8 m<sup>2</sup>/person) has the lowest rate. Among the rural areas, the Mangystau Region has the highest rate of housing provision (22.2 m<sup>2</sup>/person) while the Zhambyl Region has the lowest (14.3 m<sup>2</sup>/person).

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<sup>27</sup> Nurly Zher was approved by Resolution No. 922 of the Government of the Republic of Kazakhstan, dated 31 December 2016.

Figure 5

**Dynamics of urban and rural housing stock, 2005-2015, million m<sup>2</sup>  
(as of the end of the year)**



*Source:* Statistical compendiums – Regions of Kazakhstan in 2008, Regions of Kazakhstan in 2012, Regions of Kazakhstan in 2014, Kazakhstan in Figures (2016), Kazakhstan in 2016 (2017).

The urban housing stock is concentrated in the cities of Almaty (19.9 per cent of the total urban housing stock floor area), the South Kazakhstan Region (11.2 per cent), the Karaganda Region (10.7 per cent), and Astana (9.7 per cent). The largest portion of rural housing stock is located in the South Kazakhstan Region (18.4 per cent of the total rural housing stock floor area) and the Almaty Region (17.6 per cent).

Picture 1

**Multi-apartment complex in the city of Astana, consisting of several buildings (an example of a successful placement of an apartment house on the embankment of the Grebnoy Canal).**



*Photo by:* Alexander Belyi

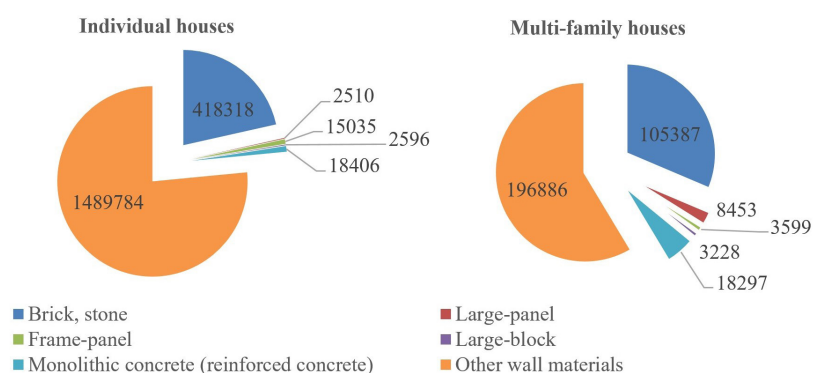
### ***Types and characteristics of residential buildings***

Out of the total 2,276,782 residential buildings in Kazakhstan in 2017, 1,954,792 or 85.86 per cent were individual or single-family houses, and 321,990 or 14.14 per cent were multi-apartment houses. In terms of housing floor area, multi-apartment houses occupied 1.76 million m<sup>2</sup>, or 51.43 per cent of the total, while the share of individual houses was 1.66 million m<sup>2</sup>, or 48.57 per cent.<sup>28</sup>

Out of the total number of residential buildings, 911,756, or 40.0 per cent, were in urban settlements. Urban residential buildings consisted of 136,946 apartment buildings (representing 15.02 per cent of all residential buildings in urban areas and 42.53 per cent of the total number of apartment buildings) and 774,810 individual houses (84.98 per cent of all residential buildings in urban areas and 39.64 per cent of the total number of individual houses). Apartment buildings in the two largest cities of the country alone – Almaty (28,448) and Astana (5,128) – made up 10.43 per cent of the total number of apartment buildings in Kazakhstan.

The share of individual residential houses with brick or stone exterior walls is 21.5 per cent of the total number of individual houses, and it is 31.4 per cent for multi-apartment houses. There were few large-panel, frame-panel or large-block prefabricated residential buildings (1.0 per cent of the total number of individual houses and 4.6 per cent of the total number of apartment buildings). The share of monolithic reinforced concrete multi-apartment houses is 5.45 per cent. According to statistics, the most significant portion of residential buildings consists of buildings with exterior walls of materials undefined in statistical reporting – 76.5 per cent of individual houses and 58.6 per cent of multi-apartment houses (Figure 6).

Figure 6  
**Classification of residential buildings by external wall materials**



Source: Committee on Statistics of the MoNE, *On Housing Stock of the Republic of Kazakhstan*, Statistical Compendium, 2016.

### ***Housing stock development***

The level of housing stock development is high (Table 1). Water is supplied to more than 99 per cent of multi-apartment and individual houses in urban settlements, and to more than 96 per cent of houses in rural human settlements. Between 2011 and 2016, the average housing water supply rate increased from 64.6 percent to 98.5 per cent.

<sup>28</sup> Republic of Kazakhstan, Committee on Statistics of the Ministry of national economy, *Statistical Compendium On Housing Stock of the Republic of Kazakhstan*, (Astana, 2016).

The supply of central heating and hot water to apartments in urban areas was 89.7 per cent and 80.8 per cent, respectively. A high level of gasification (more than 95 per cent) of individual houses in both urban and rural settlements, as well as apartment houses in rural areas, allows the provision of heating and hot water supply from individual installations.

At the end of 2016, availability rate of central sewerage to the housing stock was still low. In urban areas, individual houses had a rate of 67.1 per cent, while in rural areas, both individual and multi-apartment houses had rates of 30.1 per cent and 44.1 per cent, respectively. However, it should be noted that the average sewerage availability rate of the housing stock increased from 44.7 per cent to 66.6 per cent between 2011 and 2016.

Table 1  
**Housing stock development as of 1 January 2017**

Type of amenities	<i>Percentage of housing stock provided with various types of amenities</i>				
	Total	<i>In urban settlements</i>		<i>In rural settlements</i>	
		<i>Multi-apartment houses</i>	<i>Individual houses</i>	<i>Multi-apartment houses</i>	<i>Individual houses</i>
Water supply <sup>1</sup>	98.5	99.8	99.6	97.2	96.3
Waste-water disposal system <sup>2</sup>	66.6	95.1	67.1	44.1	30.1
Central heating <sup>3</sup>	40.7	89.7	8.5	11.4	0.5
Individual heating systems	59.6	10.7	92.0	88.6	99.5
Bathtub or shower	42.4	87.5	15.4	17.4	2.8
Central hot water supply	36.4	80.8	7.59	7.4	0.4
Hot water supply from individual water heaters	12.0	5.5	29.4	12.8	8.5
Gas <sup>4</sup>	87.8	75.6	95.7	95.6	97.8
Floor-mounted electric stoves	10.4	22.5	2.1	3.4	0.7

*Source:* On Housing Stock of the Republic of Kazakhstan, Statistical Compendium (2016).

*Notes:*

1. A dwelling is considered equipped with a water supply system if there is: running water in the house (apartment); a water pipe outside the house (apartment); and a distribution network, which receives water from a central water pipeline or an artesian well, or from a water column or another source of water in the yard if there is a well.

2. A dwelling is considered equipped with a central sewerage system if the house has a sewerage device for the discharge of black water to the street sewerage network or drain wells, and it is considered not equipped with a sewerage system if it does not have a water pipeline or a bio toilet.

3. A dwelling is considered equipped with a central heating system if the heating is supplied from a boiler room inside the building, a group (quarter), joint and district boiler house, or a thermal power plant.

4. A dwelling is considered equipped with a gas distribution system (with both pipeline and liquefied gas) if it has a floor-mounted gas stove.

### ***Technical condition of the housing stock***

Statistics on housing stock does not have information on the life span of residential buildings (breakdown of buildings by the year of commissioning). According to the 2009 census, housing stock constructed between 1960 and 1990 (consisting of 67.1 per cent of households) is predominant in Kazakhstan. In 2009, the share of households living in houses built before 1960 was 12.3 per cent, while the share of those living in houses built between 1991 and 2008 was 17.9 per cent.<sup>29</sup>

In 2010, 50.1 million m<sup>2</sup> of multi-apartment buildings (32 per cent of the total) required refurbishment. In 2015, the share of the multi-apartment housing stock in need of refurbishment dropped to 27 per cent. In addition, poor energy efficiency is a common problem in most apartment buildings. According to a study<sup>30</sup> conducted in 2010, the consumption of thermal energy in apartment buildings is 270 kWh/m<sup>2</sup> per year, which is significantly higher than the European average rates of 100-120 kWh/m<sup>2</sup> per year. About 30 per cent of heat is lost through the enclosing structures: facade walls, windows, roofing, basements, ground floors, and entrances of apartment buildings.

In 2017, 3,606 residential buildings with a total floor area of 1,590.7 thousand m<sup>2</sup> were dilapidated and in a critical condition, with 77,947 people living in these unsafe buildings. A large part of unsafe housing is concentrated in urban settlements. There are 2,621 unsafe buildings in urban settlements (72.68 per cent of the total number of unsafe residential buildings), occupying an area of 1,495.8 thousand m<sup>2</sup> (94 per cent of the total area of unsafe residential buildings) with 72,450 people living there (92.95 per cent of the total number of people living in unsafe residential buildings). The majority of unsafe residential buildings are located in Almaty – 1,867 thousand m<sup>2</sup>, or 51.77 per cent of the total number, and 71.23 per cent in urban areas. The area of unsafe housing stock in Almaty is 1,138 m<sup>2</sup> (71.5 per cent of the total area of unsafe housing stock), 49,914 inhabitants (64 per cent of the total number of people living in unsafe housing). In rural human settlements, unsafe residential buildings numbered 985, with a total area of 95.0 thousand m<sup>2</sup> and 5,497 inhabitants.

## **B. SYSTEM OF HOMEOWNERSHIP AND REGISTRATION OF IMMOVABLE PROPERTY RIGHTS**

### ***Right of homeownership***

In accordance with the law “On Housing Relations”, the housing stock in Kazakhstan is divided into:

- 1) public housing stock – state-owned housing, which is subdivided into:
  - municipal housing stock – dwellings under the jurisdiction of LEAs, reserved for special government agency citizens who are entitled to homes from this stock;
  - housing stock of state-owned enterprises – dwellings within the jurisdiction of state-owned enterprises;

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<sup>29</sup> Republic of Kazakhstan, Committee on Statistics of the Ministry of National Economy, Findings of the 2009 National Census of the Republic of Kazakhstan: Analytical Report. Agency on Statistics of the Republic of Kazakhstan, (Astana, 2011).

<sup>30</sup> Belyi A. The interaction between parties is a necessary basis for the energy-efficiency retrofitting of apartment buildings. United Nations Development Programme in Kazakhstan, the Ministry of National Economy of the Republic of Kazakhstan, (Astana, 2014).



- housing stock of state agencies – dwellings within the jurisdiction of state agencies, including corporate housing that is on the balance sheet of state agencies and that is supposed to be provided by a decision of the housing commission to civil servants appointed to positions on a rotating basis for the period of performance of official duties without the right of further privatization;
- 2) private housing stock – dwellings in the ownership of individuals or non-state entities and their associations.

Kazakhstan, like other former Soviet republics, completed the privatization of its public housing stock as part of the housing reform in order to establish a housing market. Privatization was carried out through the “privatization coupon” mechanism. Citizens permanently residing in Kazakhstan were given privatization coupons in accordance with the duration of their employment. The cost of privatized housing was determined with regard to its accumulated depreciation. If citizens did not have enough coupons to buy homes, they paid in cash, as a lump sum or in instalments.

The privatization of public housing stock was carried out in accordance with the Rules of Privatization of Dwellings from the Public Housing Stock<sup>31</sup>. As a rule, privatization was carried out based on the depreciable value of the home. The privatization cost could be paid in instalments for a period of up to 10 years, with an initial contribution of at least 30 per cent. However, there are certain categories of citizens that could privatize housing free of charge.

At the beginning of 2017, 97.6 per cent of the housing stock was privately owned (Table 2). The share of public housing stock in urban areas (3.1 per cent) is higher than that in rural areas (1.1 per cent).

Table 2  
**Housing stock ownership structure, as of 1 January 2017**

Type of housing ownership	Housing stock					
	Total		in urban settlements		in rural settlements	
	Thousand m <sup>2</sup>	Percentage	Thousand m <sup>2</sup>	Percentage	Thousand m <sup>2</sup>	Percentage
State ownership	8.1	2.4	6.7	3.1	1.4	1.1
Private property	334.5	97.6	209.4	96.9	125.1	98.9

Source: Committee on Statistics of the MoNE, *On Housing Stock of the Republic of Kazakhstan in 2016*, Statistical Compendium, 2017.

The legislation of Kazakhstan does not contain any restrictions with regard to women’s titles to real property.

In accordance with Article 29 of the law “On Housing Relations”, the ownership of housing may be terminated, against the will of the owner in the following cases:

- foreclosure of the dwelling along with the land parcel due to debts of the owner;
- requisition – compulsory withdrawal of a dwelling from the owner due to emergency situations authorized by resolutions of state agencies in accordance with procedures established by legislative acts, and with the payment of the value of the withdrawn dwelling or other types of compensation;

<sup>31</sup>Approved by Decree of the Government of the Republic of Kazakhstan No. 673 of 2 July 2013.

- confiscation;
- compulsory expropriation of the land parcel on which the house is located, for public use; or
- demolition of housing that is about to collapse (unsafe housing).

In cases 2 and 4 above, the owner could choose one of the following compensation options:

- monetary compensation paid prior to the termination of the ownership right, which includes the market value of the dwelling and land parcel, as well as full compensation of the losses inflicted on the owner<sup>32</sup>;
- housing with amenities (an apartment or a residential house) in accordance with the procedures established by law; or
- the return of the requisitioned housing after the emergency situation that caused the withdrawal is over, with full compensation of the owner for losses inflicted by the requisition.

### ***Registration of homeownership rights***

The right of homeownership and the encumbrance of immovable property rights are subject to state registration in accordance with the law “On State Registration of Rights to Immovable Property”.

Registration is a public service<sup>33</sup> and it is provided, for a fee, by territorial justice authorities at the place where the property is located. Applications for registration are submitted:

- via the “Government for Citizens”, which accepts applications for the registration of rights to immovable property and distributes the deliverables at the location of the immovable property;
- via the e-government web portal at [www.egov.kz](http://www.egov.kz) (only by notaries who notarized the transactions); or
- by notaries. There is an established system of e-registration of immovable property rights with respect to transactions certified by a notary. Notaries provide this public service through the Notary Information System by sending an electronic copy of the property title to the Legal Cadastre System.

A prerequisite for the state registration of rights to immovable property is the state technical inspection of buildings, constructions and/or their components. The public technical inspection is carried out by Government for Citizens. The state technical inspection determines technical and identifying characteristics of buildings, structures and their components that are required for the maintenance of the legal cadastre, generates a technical certificate of an item of immovable property, and assigns a cadastral number to buildings, constructions or their components.

Rules and lead time for the state technical inspection of immovable property were approved by the Minister of Justice of the Republic of Kazakhstan on 6 May 2013, No. 156. State technical inspection takes from two working days (for the preparation of a technical certificate for an apartment or room) to nine working days (for the preparation of the technical certificate for

<sup>32</sup> According to local experts, there are limitations with regard to the amount of monetary compensation payable to the owner following the withdrawal of a land parcel with a dwelling for public use.

<sup>33</sup> The standards of the “State Registration of the Rights (Encumbrances) to Immovable Property” public service was approved by Order of the Minister of Justice of the Republic of Kazakhstan No. 246 of 28 April 2015.

items of immovable property with total area of more than 1,000 m<sup>2</sup>). The inspection includes a survey of the land parcel and the plotting of a schematic plan of the land parcel, survey (measuring) and floor plans of the item of immovable property. State technical inspection of immovable property is a paid service.

### *Common Property Ownership in Multi-apartment Housing*

In accordance with the Law on Housing Relations (1997), if apartments (and non-residential premises) are individually owned by different persons (citizens), legal entities or the State, all homeowners in a multi-apartment house have shared ownership of the common property in the multi-apartment house. Such form of ownership of an item of immovable property, which combines individual homeownership rights of different persons and the right of shared ownership of all owners of common property in the building, is called a “condominium” in legislation. Thus, a single immovable property complex (a multi-apartment house) consisting of homes (apartments) that are individually owned by different persons, and common property, is called an “object of condominium”.

Common property of an object of condominium includes hallways, stairs, elevators, roofs, attics, basements, extra-apartment or communal engineering systems and equipment, and land, including amenities and other types of community property.

The share of each homeowner in the common property cannot be separated from the individual ownership of their home. The size of the share is determined by the ratio of the useful floor area in individual property to the total amount of useful floor area of all residential and non-residential rooms in the condominium. Such share cannot be singled out in kind (an ideal share). The transfer of homeownership to another person shall entail the transfer of the proportionate share in the common property to the acquirer.

### *Registration of an Object of Condominium*

According to the Law of the Republic of Kazakhstan on Housing Relations (Article 32), an object of condominium, including an apartment in ownership and a common area share, should be registered as a single object in accordance with the legislation on state registration of rights to immovable property<sup>34</sup> (Article 39 of the Law on State Registration of Rights to Immovable Property).

The registration of the object of condominium is performed upon an application of a member of the condominium or an authorized representative of the owner(s). The composition of common property is identified during the registration of a condominium object (when a technical certificate of an apartment building is generated). During the initial registration of a condominium object, its technical certificate should be produced using budgetary funds.

Rules for the state registration of an object of condominium were approved by the Minister of Justice of the Republic of Kazakhstan on 24 August 2007, No. 241. The state registration of a condominium object requires entitling and identification documents with respect to the land parcel, if the title to the land parcel was not registered prior to the registration of the condominium object, and homeowners’ shares in the common property shall be determined by a homeowners’ agreement.

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<sup>34</sup> The state registration of an object of condominium is regulated by Article 39 of Law of the Republic of Kazakhstan on State Registration of Rights to Immovable Property No. 310 of 26 July 2007.



The requirement in the legislation to register objects of condominium is difficult to implement in practice. According to 2009 data, only 8.5% (14,681) objects were registered, out of the total number of 172,164 apartment houses in urban areas, which were objects of condominiums. According to local experts, local authorities, housing inspections and managers of cooperatives of homeowners (apartment owners) have done a lot to register objects of condominiums recently. According to the information of the Association of Cooperatives of Apartment Owners of the Republic of Kazakhstan, in 2016, about 30% of objects of condominiums were registered countrywide, and about 80% in Astana. The increased share of registered objects of condominium is also linked to the fact that only after the registration of an object of condominium, can an apartment house be included in the refurbishment programme financed from budgetary funds (see Chapter 4, section B).

The chairs of the management boards of cooperatives of apartment owners explain the problems with registration of condominium objects by the fact that it is very difficult to hold a general meeting of owners to adopt a decision on the registration of a condominium object and to get the signatures of all homeowners in the document regulating the distribution of shares in the common property. Homeowners believe that registration of a condominium object is a documented confirmation of their responsibility for the proper maintenance and repair of the community property, and therefore, it results in an increase in the contributions for this purpose. Non-registration of an object of condominium is not an obstacle for transactions with homes in an apartment building and those with the registration of the right of individual ownership of an apartment; therefore, owners have no vested interest in the registration of an object of condominium.

The legislation considers an apartment (non-residential premises) in an apartment building to be a separate item of immovable property (a secondary item in the composition of a condominium object) in the individual ownership, which is assigned an individual cadastral number. Neither entitling or identification documents for the land parcel, which is part of the common property, nor confirmation of the state registration of a condominium object are required for the state registration of homeownership in the legal cadastre (Article 40 of the Law on State Registration of Rights to Immovable Property).

#### *The Right to the Land Parcel on Which the Building Is Located*

According to the Land Code of the Republic of Kazakhstan (2003), the ownership right to the building entails, in accordance with the procedures established by the legislation, the right of ownership to the land parcel on which the said building is located, except for the cases envisaged by the Code (Article 52). The right of public entities to economic activities or their right of operational administration with regard to buildings (structures, constructions) entails, in accordance with the established procedure, the right of permanent use of the land parcel occupied by the said objects. These rights are inseparable.

Transfer of the right of ownership, or the right of permanent use of land, or the right of temporary use of a land parcel on which buildings (structures, constructions) are located, and which is also allocated for their use without respective transfer of the said immovable property, as well as the transfer of immovable property without respective transfer of the land parcel where the said immovable property is located, shall not be permitted.

In accordance with the Law on Housing Relations (Article 19), the sale, donation, transfer by inheritance, or forced sale of residential house collateral, as well as that of an unfinished residential building, entail the transfer of the right of ownership (land use) of a land parcel to the new owner of the residential house.

A land parcel required for the placement, exploitation, and maintenance of an apartment building or other condominium object, in accordance with the established procedure, is transferred to the common shared ownership of owners of homes which are part of the condominium object (Article 62 of the Land Code). Transfer of ownership of an apartment (home) to another person involves the transfer of a corresponding share in the right to the land parcel (land parcels) to the buyer of the apartment (home).

The procedure of the use of a land parcel located outside of the boundaries of the footing of the building is determined by an agreement of the condominium members, upon condition of observing public interests, sanitary and hygienic, ecological, fire prevention, urban planning and other norms. The division of a land parcel that is part of a condominium object is permitted on written consent by all members of the condominium, provided that the sanitary, environmental, fire protection, construction and other standards and regulations are observed.

Regarding the land parcel at the building (structure, construction), the ownership can be separately rendered to the condominium members where it is necessary to meet technological requirements for the functionality of non-residential premises, as long as this land parcel is located outside the building (structure, construction) and its use is consistent with the conditions of use of the land parcel that is a part of the condominium object, as well as with sanitary and hygienic, environmental, fire protection, construction and other norms and regulations.

A land parcel for an individual residential building, or one that is a part of the common property of a condominium object (multi-apartment building), is made available for the ownership (or land use) by LEAs on the basis of a positive opinion of a commission established by LEAs, and pursuant to the land management project.

The boundaries of a land parcel in-situ are established on the basis of the application application in accordance with the procedure prescribed by the Legislation of the Republic of Kazakhstan<sup>35</sup>.

Identification documents for the land parcel are produced and issued by Government for Citizens, which maintains the public land cadastre. An act for the right of private ownership of a land parcel is an identification document in the case of private ownership of a land parcel.

According to local experts, it is not difficult to register the rights of shared common ownership of condominium members for the land parcel under the apartment building, but it is still very difficult to resolve the issues related to the transfer of a part of the common property of a courtyard area, especially in big cities.

### ***Provision of Social and Affordable Housing***

Social housing in Kazakhstan is housing from public (municipal) housing stock. In accordance with the Law on Housing Relations (Articles 67 and 68), homes from municipal housing stock or homes rented by LEAs from private housing stock are provided for the use of citizens in need of housing who belong to the following categories:

1. Persons with disabilities and participants in the Great Patriotic War;
2. Orphaned children and children without parental care; and

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<sup>35</sup> Regulations for land surveying activities in the Republic of Kazakhstan with respect to the development of draft projects of inter-farm land tenure in order to establish and streamline the existing land management, drainage and identification of the boundaries of land parcels in situ, were approved by the Order of the Chairman of Agency of the Republic of Kazakhstan for Land Resources Management No. 72-II-a of 7 October 2004, (as amended by the Order of the Minister of the National Economy of the Republic of Kazakhstan No. 782 of 22 December 2015,).

### 3. Socially vulnerable groups of citizens:

- persons with equal status with persons with disabilities and participants in the Great Patriotic War;
- persons with disabilities of groups 1 and 2;
- families with, or caring for, children with disabilities;
- persons with severe forms of some chronic diseases;
- retirement pensioners;
- oralmans (ethnic Kazakhs who returned to Kazakhstan for permanent residence in the historic homeland);
- persons who lost their homes as a result of environmental disasters, or natural or human-caused emergencies;
- large families (a family with four or more minor children living together);
- families of persons who died in the performance of government or public duties, military service, during the preparation of, or during, a flight into outer space, or rescuing human lives, or protecting the law; and
- single-parent households.

Persons from the above group are provided with social housing upon the condition that their joint average monthly income over the 12 months preceding their application for the provision of housing for all family members is lower than the 3.1-fold subsistence level established for the respective fiscal year by the Law on the Republican Budget.

4. Public servants, employees of budgetary organizations, military serviceman, cosmonaut candidates, cosmonauts, staff of special government agencies and holders of government elective offices (housing provided to such citizens from the municipal housing stock is equivalent to corporate housing); or
5. Citizens of the Republic of Kazakhstan whose one and only housing object is recognized as unsafe in accordance with the legislation of the Republic of Kazakhstan (when provided with housing from the municipal housing stock, such citizens transfer the unsafe housing they own to municipal ownership).

Thus, citizens belonging to a quite large list of categories have the right to housing from the public (municipal) housing stock. The right to social housing is not always associated with low income of households (low income is used as a registration criterion only for citizens belonging to a group of socially vulnerable citizens).

The registration of citizens who need housing from the municipal housing stock is carried out in their communities by district akimats, cities of regional significance, the cities of Astana and Almaty. To be registered, citizens are required to permanently reside in the human settlement, and not to have housing by right of ownership. For citizens to be registered in the cities of Astana and Almaty, they are required to permanently reside in these cities for at least three years. The requirement of permanent residence in a human settlement does not apply to citizens who changed their place of residence because of their participation in government employment programmes.

The lists of citizens who need housing are made separately for each of the above-mentioned groups of citizens, and are published on the websites of the akimats, as well as lists of citizens who obtained housing.

In accordance with the Law on Housing Relations (Article 75), the housing provided from the municipal housing stock should have floor space of not less than 15 square metres and not more than 18 square metres of usable floor area per person, but not less than a one-roomed apartment or a dormitory room.

According to the information provided in the Nurly Zhol Government Programme of Infrastructure Development in 2015–2019, between 2011 and 2015, the number of registered citizens who needed housing from the municipal housing stock of LEAs doubled, and it continues to grow. As of 1 January 2015, the number of citizens registered by the LEAs was more than 300,000, of which over 130,000 belonged to the socially vulnerable stratum of the population, 127,000 were employees of budgetary organizations and public servants, and 44,000 were orphaned children.

According to the housing administration of the Astana City akimat, in 2009, there were still people on the housing waiting list who filed their applications for housing back in 1986. Between 2009 and 2016, housing was provided to everyone who was included in the lists of those in need before 2005. Nevertheless, in 2016, there were approximately 43,000 people on the lists of those who needed housing because of significant migratory influx to the capital.

To provide housing to citizens registered with LEAs, the construction of communal housing through targeted transfers from the republican budget to local executive bodies was resumed in 2012. New municipal housing stock is provided to citizens with the lowest incomes. 10,600 citizens were provided with housing from the municipal housing stock between 2012 and 2015<sup>36</sup>.

Provision of housing to citizens placed on housing waiting lists in akimats is also carried out by constructing housing with limited floor areas of apartments and limited cost, at the expense of budgetary loans provided by LEAs and funds of companies with the participation of the State (development institutions). To ensure the return of the funds invested in the construction, such housing is provided to citizens for rent with a right of long-term redemption (15-20 years) at the expense of rental payments. At the beginning of 2015, about 1 million square metres of such rental housing was put into operation, and more than 16,000 citizens were provided with housing.

Housing affordability for citizens with low incomes is also ensured by the housing construction savings system, supported by the Government. To provide housing to depositors of the HCSB, organizations also construct housing with a limited floor area of apartments and limited cost, with the participation of the Government. Citizens can purchase such housing out of the accumulated funds and housing loans of the HCSB at an annual interest rate that is much lower than the market rate. At the beginning of 2015, 859,000 square metres of loan housing was put into operation, and more than 13,000 citizens were provided with housing.

Another possibility for citizens to purchase affordable housing is to construct individual housing on land parcels equipped with communal infrastructure, at the expense of budgetary funds.

### ***Provision of Rental Housing***

Rental housing includes housing of any type of ownership, offered for permanent or temporary possession and use for a fee.

State-owned rental housing (municipal housing stock and housing stock of state-owned enterprises and institutions) is only 2.4% of the total floor area of the housing stock.

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<sup>36</sup> According to the information of the Nurly Zhol Government Programme.

A certain proportion of homes owned by citizens are used to be leased to other persons. There is no official information about the floor area of such private rental housing.

In 2014, the President of the Republic of Kazakhstan, in his message “Nurly Zhol is the path to the future”, emphasized that rental housing is one of the promising areas of housing construction. The rental housing constructed under government programmes (with the exception of housing in communal ownership) is supposed to be provided to citizens on housing waiting lists in akimats, and it is provided for rent with a right of redemption. That is, such housing is a rental only for a certain period of time, until it is redeemed at the expense of the rental payments; after redemption, the housing is no longer a rental and it becomes a home in the private ownership of citizens.

At present, there are no discussions about the establishment of a sector of affordable rental housing to meet the housing needs of citizens who are not entitled to social housing and cannot, or do not want to, acquire housing in their ownership.

Residential buildings for commercial rent are not constructed because private developers are not interested in such construction.

Thus, there is still a trend in Kazakhstan to increase the volume of housing in private ownership.

### ***Citizens' Access to Public Services and the Quality of the Communal Infrastructure***

#### ***Water Supply***

The objective of improving the population's access to water supply services was formulated by the government Programme “Drinking water” (2001–2010), and was addressed by the Ak Bulak Programme (2011-2020), which became part of the 2020 Programme of Regional Development in 2014.

By the beginning of 2016, 87% of the urban population and 51.5% of the rural population had access to centralized water supply systems. In 2011, these figures were 82% and 42.5%<sup>37</sup> respectively. Between 2011 and 2015, the number of citizens with access to the centralized water supply system increased by 1.3 million people.

The 2020 Programme of Regional Development plans the following indicators of access to the centralized water supply system in 2019: 97% for the urban population and 62% for the rural population<sup>38</sup>. At the same time, the State Water Management Programme of Kazakhstan<sup>39</sup> provides higher planned indicators of access to the centralized water supply system by 2020: 100% of the urban population and at least 80% of the rural population of the country.

As of 1 January 2017, there were 828 water supply enterprises in Kazakhstan<sup>40</sup>.

In 2016, the centralized water system supplied the population with 470.44 million m<sup>3</sup> of water (42% of the total volume of water supplied to consumers)<sup>41</sup>. The average water output per day per person was 72.4 litres.

<sup>37</sup> National report for the United Nations conference on housing and sustainable urban development – HABITAT III, (Astana, 2016).

<sup>38</sup> The 2020 Program of Regional Development was approved by the Resolution of the Government of the Republic of Kazakhstan No. 728 of 28 June 2014 (as amended by the Resolution of the Government of the Republic of Kazakhstan No. 449 of 30 July 2016).

<sup>39</sup> Approved by the Decree of the Government of the Republic of Kazakhstan dated 4 April 2014, No. 786.

<sup>40</sup> Republic of Kazakhstan, Committee on Statistics of the Ministry of National Economy, Statistical Compendium “On the Operation of Water Supply and Sewerage Facilities in the Republic of Kazakhstan, Statistical Bulletin”, (Astana, 2015).

<sup>41</sup> Republic of Kazakhstan, Committee on Statistics of the Ministry of National Economy, Statistical book *Housing and Utilities in 2012–2016*, (Astana, 2017).



According to official data<sup>42</sup>, the quality of drinking water has been maintained at a stable level for several years. There is a laboratory control of all sources of drinking water, both centralized and decentralized (wells, springs).

The length of water supply networks was 70,708.0 km at the end of 2016, which is 22.3 per cent more than at the end of 2012. Between 2012 and 2016, 18,754.2 km of water supply networks were put into operation. The number of water supply network accidents decreased 9.4-fold (from 25,600 to 2,729 accidents per year) in this period, and reached 0.04 accidents/km of networks at the end of 2016. In 2015, the loss of water during its transportation decreased to 19 per cent, as planned by the 2020 Programme of Regional Development.

The share of water supply networks in Kazakhstan that needed replacement was 24.8 per cent at the end of 2016. In the city of Almaty, 60 per cent of water supply networks need replacing<sup>43</sup>. Water supply networks in cities – regional centres, small towns and single-industry towns – are in poor technical condition: according to the 2020 Programme of Regional Development, the deterioration of water supply networks in many of them was 60 per cent to 80 per cent in 2015.

### *Sewerage*

In 2016, there were 307 sewerage enterprises in Kazakhstan<sup>44</sup>; 82 per cent of the urban population and 11 per cent of the rural population had access to centralized water disposal (sewerage) systems. In 2011, these figures were 73 per cent and 8.8 per cent<sup>45</sup>, respectively.

The 2020 Programme of Regional Development plans the following indicators of access to the centralized water disposal system in 2019: 97% for the urban population and 13% for the rural population<sup>46</sup>.

The length of sewerage networks was 15,381 km at the end of 2016, which was 1.92% more than at the end of 2012. Between 2012 and 2016, 988.3 km of sewerage networks were put into operation. The number of sewerage networks accidents decreased 47-fold (from 31,571 to 673 accidents per year) in this period, and reached 0.044 accidents/km of networks at the end of 2016.

The share of sewerage networks that needed replacement was 36.2 per cent at the beginning of 2016. 63 per cent of sewerage networks need replacing in Mangystau Region, and 45 per cent of networks in the city of Almaty<sup>47</sup>. According to the 2020 Programme of Regional Development, the deterioration of sewerage networks in most cities (regional centres) was 60 per cent to 75 per cent in 2015.

The share of treated wastewater out of the total volume of wastewater in the central sewerage systems increased from 80.2 per cent to 83.7 per cent between 2012 and 2016, which indicates an improvement in the condition of the sewage treatment facilities. The share of treated wastewater is 100 per cent to 99 per cent in the cities of Astana and Almaty, the West Kazakhstan Region

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<sup>42</sup> National report for the United Nations conference on housing and sustainable urban development – HABITAT III, (Astana, 2016).

<sup>43</sup> Statistical reporting form 1-VC for 2015, source: <http://stat.gov.kz/>

<sup>44</sup> Republic of Kazakhstan, Committee on Statistics of the Ministry of National Economy, Statistical Compendium “*On the Operation of Water Supply and Sewerage Facilities in the Republic of Kazakhstan*, Statistical Bulletin”, (Astana, 2015).

<sup>45</sup> National report for the United Nations conference on housing and sustainable urban development – HABITAT III, (Astana, 2016).

<sup>46</sup> The 2020 Program of Regional Development was approved by the Resolution of the Government of the Republic of Kazakhstan No. 728 of 28 June 2014 (as amended by the Resolution of the Government of the Republic of Kazakhstan No. 449 of 30 July 2016.).

<sup>47</sup> Statistical reporting form 1-VC (2015). Available from <http://stat.gov.kz/>

and the Zhambyl Region. The lowest volume of treated wastewater is 35.5 per cent in the Atyrau Region.

### *Heat Supply*

40.5 per cent of the housing stock in Kazakhstan is provided with a centralized heat supply. This figure has remained constant over the last five years. Centralized heat supply prevails in urban settlements (62.3 per cent of urban housing stock), and is practically non-existent in rural settlements (only 3.2 per cent of rural housing stock). The highest level of centralized heat availability can be found in the urban settlements of the Mangystau Region – 83.9 per cent of the urban housing stock of the region. The availability of centralized heat supply in the housing stock of the cities of Astana and Almaty is 76.3 per cent and 70.7 per cent, respectively.

In 2016, there were 2,207 sources of heat supply, and 64.0 million gigacalories of heat energy were generated, including 51.0 million gigacalories by thermal power plants (63 per cent), and 27.5 million gigacalories by boiler plants (34 per cent). The population consumes about 38 per cent of the heat energy supplied to consumers.

The total length of two-pipe heat supply networks is 11,400 kilometres. 317,6 kilometres of heat supply networks were put into operation in 2012–2016.

The share of heat supply networks in need of replacement increased from 26.5 per cent to 31.1 per cent between 2011 and 2015. The largest increase in the share of networks that required replacement was in Almaty – from 20.8 per cent to 56.6 per cent. At the same time, the share of networks that required replacement decreased in some regions. For example, this indicator decreased from 57.7 per cent to 30.8 per cent in the Almaty Region, and from 25.9 per cent to 4.9 per cent in the West Kazakhstan Region<sup>48</sup>.

The number of heat supply network accidents decreased from 334 to 81 between 2012 and 2016. The loss of thermal energy in the heat supply networks increased from 13.83 per cent in 2012 to 12.66 per cent in 2016. The loss of thermal energy in 2016 amounted to 8.1 million gigacalories.

### *Power Supply*

In 2015, the population was supplied with 11,115.5 million kWh of electric energy (13.5 per cent of the total volume of electricity supplied to consumers – 82,198.0 million kWh)<sup>49</sup>. In 2016, the population was supplied with 12,204.2 million kWh of electric energy.

Electric energy is used in the housing stock of Kazakhstan mainly for lighting purposes. Only 10.4 per cent of the housing stock is equipped with floor-mounted electric stoves (15.7 per cent of the urban housing stock and 1.4 per cent of rural). In some regions, the use of electrical energy for cooking is significantly higher than across the board in the country: in the Pavlodar Region, 54.9 per cent of the housing stock (75.8 per cent of the urban housing stock and 3.5 per cent of rural) are equipped with floor-mounted electric stoves, while in Karaganda Oblast it is 27.2 per cent (32.12 per cent urban and 6.8 per cent rural). The Astana housing stock equipped with floor-mounted electric stoves increased from 33.0 per cent to 64.3 per cent between 2012 and 2016. During the same period, the share in Almaty decreased from 7.9 per cent to 1.7 per cent.<sup>50</sup>

<sup>48</sup> Statistical reporting form 6-TP (2015). Available from <http://stat.gov.kz/>

<sup>49</sup> Republic of Kazakhstan, Committee on Statistics of the Ministry of National Economy, *Housing and Utilities*, (Astana), 64p.

<sup>50</sup> Republic of Kazakhstan, Committee on Statistics of the Ministry of National Economy, Statistical compilation “Housing Fund of the Republic of Kazakhstan in 2016”, (Astana, 2017).

The power supply sector has the largest share of networks requiring repair across the entire utility sector. Thus, 97,500 km, or 73 per cent, of 0.4 kV electric networks require repairs, out of a total length of 133,600 km. Moreover, 0.4 kV transformer substations, domestic switchgears and internal networks also require repairs<sup>51</sup>.

Technological losses of electrical energy in electric networks decreased from 6.8 per cent to 5.1 per cent between 2011 and 2014. In Astana, the electrical energy losses in the networks decreased from 14.5 per cent to 6.5 per cent, while in Almaty, from 11 per cent to 5.5 per cent. The level of electrical energy losses remains high in some regions: 12.0 per cent in the Almaty Region, 10.7 per cent in the Akmola Region, 10.1 per cent in the West-Kazakhstan Region, and 8.2 per cent in the Karaganda Region<sup>52</sup>.

### *Gas Supply*

At the beginning of 2015, there were 44 natural gas distribution companies<sup>53</sup>, and 18 liquefied gas distribution companies in Kazakhstan.

The number of human settlements supplied with natural gas increased from 751 to 934 (13.8 per cent out of the total of 6,785 human settlements in the country) between 2012 and 2016. The length of gas networks increased from 21,520 to 26,270 km. 10,090 km of gas networks were put into operation.

Citizens of 32 cities, 4 towns and 878 rural settlements use natural gas. Another 11 human settlements are supplied with liquefied gas.

In 2014, the population was supplied with 3,220.4 million m<sup>3</sup> of natural gas (37.3 per cent of the total volume of 8,639.4 million m<sup>3</sup> of natural gas supplied to consumers) and 18,375 tons of liquefied gas (77.7 per cent of the total of 23,644 tons of liquefied gas supplied to consumers).<sup>54</sup>

The loss of natural gas amounted to 206.5 million m<sup>3</sup> in 2015 (2.4 per cent of the supplied volume of gas). The share of the street gas network needing repair was 2.1 per cent in 2015 (for comparison, 0.6 per cent of the street gas network needed repair in 2012)<sup>55</sup>.

### *Municipal infrastructure modernization and development programmes*

To address the problem of the significant depreciation of the municipal infrastructure and to increase population's access to public services, the Government adopted several state programmes. The State Programme of Modernization of Housing and Communal Services for 2011-2020<sup>56</sup> plans to modernize over 24,400 km of networks by 2015 (and another 6,700 km of networks within the Ak-Bulak Programme). The Programme aims to reduce the share of networks that need to be replaced: heat supply networks, down to 55 per cent by 2015 and 40 per cent in 2020; power supply networks, down to 68 per cent by 2015 and 53 per cent in 2020; gas supply networks, down to 51 per cent by 2015 and 38 per cent in 2020.

<sup>51</sup> 2020 Program of Regional Development.

<sup>52</sup> Electrical Balance of the Republic of Kazakhstan, Consultant's estimates. Available from <http://stat.gov.kz/>

<sup>53</sup> Republic of Kazakhstan, Committee on Statistics of the Ministry of National Economy, *Housing and Utilities*, (Astana), 64p.

<sup>54</sup> Statistics for 2015-2016 were not available.

<sup>55</sup> Statistical form "Operation of enterprises supplying natural and liquefied gas in the Republic of Kazakhstan". Available from <http://stat.gov.kz/>, Statistical form "Operation of enterprises supplying natural and liquefied gas in the Republic of Kazakhstan".

<sup>56</sup> Approved by Decree of the Government of the Republic of Kazakhstan No. 473 of 30 April 2011. Ceased to be in force by Decree of the Government of the Republic of Kazakhstan No. 728 of 28 June 2014.

In 2014, the objectives of the Programme of Modernization of Housing and Communal Services related to the modernization (reconstruction and construction) of the municipal infrastructure became part of the new 2020 State Programme of Regional Development. This Programme planned to modernize 4 per cent of heat, power and gas supply networks in 2015, and later around 1.5 per cent of networks annually between 2016 and 2019. Over 1,500 km of heat supply networks, 12,000 km of power supply networks, 3,000 km of gas supply networks, about 8,800 km of water supply networks, and 1,200 km of water disposal networks are supposed to be modernized (constructed) under the programme between 2015 and 2019. By 2020, the number of water supply network accidents is supposed to be reduced to 0.3 per km of networks, for water disposal networks – 0.1 per km of total networks.

The modernization (reconstruction and construction) objectives related to the housing and utilities infrastructure, as well as heat and water supply and disposal systems, are addressed by the Nurly Zhol State Programme of Infrastructure Development for 2015-2019<sup>57</sup>. This Programme plans to upgrade around 1,000 km of heat supply networks and about 6,000 km of water supply and disposal networks where losses and accidents indicators are at the highest. As a result, the depreciation of heat and water supply and disposal networks should decrease to 53 per cent (by contrast, the depreciation of networks amounted to 67 per cent in 2015) by 2020. The share of standardly treated sewage water in the discharge process should be 100 per cent in cities.

By and large, KZT 300 billion are allocated annually from the republican budget to the regions for the development of the engineering infrastructure. Infrastructure modernization and development projects are financed through budgetary loan facilities (via LEAs to housing and communal enterprises), subsidies (infrastructure subsidies from the republican budget), and loans from international financial organizations. The joint-stock company “Kazakhstan Center for Modernization and Development of Housing and Communal Services” is an operator that provides infrastructure grants (subsidies).

According to the CCHCS under the Ministry for Investments and Development, the European Bank for Reconstruction and Development is financing eight municipal infrastructure modernization projects in the regions of Kazakhstan for USD 109 million.

### ***Relations in the Provision of Public Services to the Population***

In accordance with the Law on Housing Relations of the Republic of Kazakhstan (1997), public services include not only services of water, sewerage, gas, electricity and heat supply provided to consumers, but also garbage disposal and elevator maintenance services<sup>58</sup>.

Until recently, relations between the consumers of public services (citizens) and the providers of public services were regulated by the Rules of Utility Services Provision approved by the Government of the Republic of Kazakhstan dated 7 December 2000, No. 1822. In 2014, the Law of the Republic of Kazakhstan dated 29 September 2014, No. 239-V ZRK transferred the powers to approve the rules of utility services provision to local public authorities of the regions and cities of Astana and Almaty. Akimats of all regions, Astana and Almaty approved the rules of utility services provision in the relevant areas in 2014–2016. In fact, these rules repeat the text of the rules of utility services provision previously established by the Government (with the exception of the Rules of Utility Services Provision in the City of Almaty<sup>59</sup>, which are

<sup>57</sup> Approved by the Decree of the President of the Republic of Kazakhstan No. 1030 of 6 April 2015.

<sup>58</sup> Paragraph 10 of Article 2 of the Law on Housing Relations of the Republic of Kazakhstan No. 94 of 16 April 1997.

<sup>59</sup> Approved by the Resolution of Akimat of the city of Almaty No. 2/186 of 11 May 2016.

differentiated by the types of utility services, and make use of the Rules of Electric Power Usage<sup>60</sup>, the Rules of Heat Energy Usage<sup>61</sup>, and other special regulatory documents).

In accordance with the legislation of Kazakhstan, utility services are provided on the basis of individual agreements between organizations providing utility services (utilities providers) and end consumers. Model agreements for providing consumers with utility services are developed and approved by an authorized government agency<sup>62</sup>. Utility services for communal needs in multi-apartment housing are provided on the basis of agreements between utilities providers and a cooperative of homeowners or any other management authority of an apartment building. Requirements regarding consumer properties and the mode of service provision are established by standard technical documents (national standards and technical regulations).

Consumers are supposed to pay utility service bills issued by utilities providers every month on the basis of information from metering devices and the established rates for utility services. Metering devices are supposed to be installed by the utilities providers. In accordance with the regulations, users shall reimburse the cost of acquiring and installing meters to the providers through the rate of the relevant utility service. However, between 1 July 2012 and 1 January 2014, low-income families living in privatized apartments and individual residential houses, partially housing assisted<sup>63</sup> and at the expense of the local budgets, were provided with compensation for the cost of single-phase electrical energy meters with an accuracy class of not lower than 1, with differentiated readings and time-based energy consumption controls, installed to replace single-phase electrical energy meters in the 2.5 accuracy class, in accordance with the invoice provided by the supplier of electrical energy<sup>64</sup>. This means that the cost of replacement of outdated electrical energy meters has not been included in the electrical energy tariffs.

Although the statistical information is not available, according to local experts, homes are fully equipped with electric and gas metering devices. 79 per cent of consumers (88 per cent of the urban population and 71 per cent of the rural) were provided with water metering devices in 2015<sup>65</sup>. The 2020 Programme of Regional Development plans to provide 95 per cent of consumers with water metering devices by 2019.

Utility service providers are required to monitor the consumption of utility services and consumers' payments, and are entitled to suspend the provision of services if a consumer fails to pay for the services within the time limit stipulated in the agreement.

The system of direct contractual relations between utility service providers and citizens assumes that consumers receive separate bills for each type of utility services. According to the Rules of Utility Services Provision in the City of Astana<sup>66</sup>, the city established a universal payments centre to service consumers and to issue a single billing document (invoice) to pay for all utility and housing services. The objective of the universal payments centre is to form a single database of the users of all utility services, which provides information on the number of residents in apartments and homes (residential buildings), the total floor area of apartments and homes, the level of their improvement, the types of utility services, standard rates of service consumption

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<sup>60</sup> Approved by the Order of the Minister of National Economy of the Republic of Kazakhstan No. 143 of 25 February 2015.

<sup>61</sup> Approved by the Order of the Minister of Energy of the Republic of Kazakhstan No. 211 of 18 December 2014.

<sup>62</sup> Model agreements for the provision of utility services were approved by the Order of the acting Minister of National Economy of the Republic of Kazakhstan No. 266 of 27 March 2015.

<sup>63</sup> Housing assistance is a benefit to low-income families to pay for housing and communal services.

<sup>64</sup> In accordance with Law No. 542-IV of the Republic of Kazakhstan as of 13 January 2012.

<sup>65</sup> National report for the United Nations conference on housing and sustainable urban development – HABITAT III, (Astana, 2016).

<sup>66</sup> Approved by the Resolution of Astana City Akimat No. 115-638 of 30 April 2015.



(if any), the amounts of utility services consumed, the assessed amounts, payments made, information about metering devices and their readings, details of concluded utility services agreements, and other information. This database belongs to the LEA (Astana City Akimat).

The universal payments centre operates on the basis of agreements with utility services providers and housing services providers. In accordance with concluded agreements, the centre has the following functions: to keep records of consumers of utility services; to organize the process of concluding utility services agreements with consumers; to take readings and check metering devices; to calculate (recalculate) utility payments for the provided services and present them for payment to consumers; to generate, print, and deliver a single billing document (invoice) to each consumer; to organize the collection of payments for utility services through second-tier banks and other organizations with relevant licenses; to collect bills receivable for delivered utility services from consumers in accordance with pre-trial and legal procedures; to accept consumers' applications for customer support services; to organize the operation of a call centre; to analyse the actual volumes of, and payments for, provided utility services; and to ensure communication between consumers and service providers.

The legislatively defined system of relations between providers of public services and organizations that manage apartment buildings seems to be contradictory. On the one hand, the rules of utility services provision approved by the Government (2000), and then by the LEAs (2014–2016), established that it is the responsibility of the utility services provider to ensure proper technical maintenance and safety of communal networks and metering devices, and it is fulfilled on the basis of a separate agreement with the cooperative of apartment owners or other authorized representatives of consumers. This means that there is supposed to be a paid services agreement between a house management organization and the utility services provider and, under this agreement, the provider is obliged to maintain interior networks through which utility services are delivered to consumers in an apartment building either independently (if it has a permission to do so) or using the resources of a specialized organization that has a license to engage in these activities. The cooperative of apartment owners is supposed to pay for this work from the contributions of homeowners for the maintenance of community property. On the other hand, in accordance with the powers established by the Law on Housing Relations of the Republic of Kazakhstan<sup>67</sup>, the authorized government agency<sup>68</sup> approved model agreements of cooperation between condominium management authorities and market entities that provide utility services to end consumers<sup>69</sup>. According to these model agreements, utility services providers are entitled to maintain internal engineering networks, through which services are provided to consumers, and to organize the validation and verification of communal metering devices. The organization managing the apartment building is obliged to preserve and ensure the proper technical condition and operation of internal networks (independently or with the assistance of third parties to complete repairs and service checks). Model cooperation agreements do not suggest any financial relationship between the providers of the public services and the condominium management authorities.

It is not clear from the text of the model agreements of cooperation between condominium object management authorities and market entities providing utility services to end consumers why there is a need for, and what is, the value of the cooperation between these organizations. In addition, when cooperation agreements are made, and management authorities of apartment buildings assume obligations to ensure the proper technical condition of the internal networks,

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<sup>67</sup> Paragraph 10-11 of Article 20-2 of the Law on Housing Relations.

<sup>68</sup> Up to 2017, it was the MoNE.

<sup>69</sup> Approved by the Order of the Minister of National Economy of the Republic of Kazakhstan No. 109 of 19 February 2015.

it is not established who is liable to the end consumers for the violation of the provision mode or the quality of the utility services – the provider of municipal services or the condominium management authority – how those responsible are identified, and how losses incurred by the party not at fault are compensated.

### ***Tariffs Policy***

Pursuant to the Law on Housing Relations of the Republic of Kazakhstan, payments for utility services in dwellings of all forms of ownership are charged at rates approved in accordance with procedures established by the Government. This procedure is established under the Rules of Approval of Tariffs (Prices, Rates of Charges) and Tariff Estimates of Regulated Services (Goods, Works) of Natural Monopoly Entities<sup>70</sup>.

In accordance with the Law on Natural Monopolies<sup>71</sup> of the Republic of Kazakhstan dated 9 July 1998, No. 272, the approval of tariffs for public services for end consumers is within the scope of the functions of the Committee on Regulation of Natural Monopolies and Protection of Competition under the MoNE of the Republic of Kazakhstan. To approve new tariffs, the utility enterprise is required to attach draft tariffs and tariff estimates for the provided services and other substantiating documents to its application. Tariff estimates are developed in accordance with the Special Costing Procedure used to approve tariffs (prices, rates of charges) for regulated services (goods, works) of natural monopolies entities<sup>72</sup>. The Committee on Regulation of Natural Monopolies and Protection of Competition then makes an expert examination of draft tariffs and tariff estimates and submits the draft tariff proposed by utility enterprise for discussion at a public hearing<sup>73</sup>.

A public-private partnership agreement (concession agreement) stipulates the procedure of formulation and approval of tariffs for regulated services (goods, works) of natural monopolies entities operating under the public-private partnership agreement, including the concession agreement.

There is a special procedure for the approval of threshold levels of tariffs for a five-year term or longer for holders of natural monopolies that implement investment projects and bring in borrowed assets from international financial organizations<sup>74</sup>.

The legislation permits establishing tariffs for utility services, differentiated by consumer groups or consumption volume, and other indicators (by day zones, availability or non-availability of a metering device), as well as establishing investment rates (if there is an approved investment programme) until full cost recovery of investments made.

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<sup>70</sup> Approved by the Order of Chairman of the Agency of the Republic of Kazakhstan on Regulation of Natural Monopolies No. 215-OD of 19 July 2013, (as amended by the Order of the acting Minister of National Economy of the Republic of Kazakhstan No. 273 of 27 March 2015).

<sup>71</sup> As amended by the Law of the Republic of Kazakhstan No. 376-V of 29 October 2015 (effective as of 1 January 2017).

<sup>72</sup> Approved by the Order of Chairman of the Agency of the Republic of Kazakhstan on Regulation of Natural Monopolies No. 130-OD of 25 April 2013.

<sup>73</sup> Rules of public hearings during the consideration of applications for the approval of tariffs (prices, rates of charges) or their threshold levels with regard to regulated services (goods, works) of natural monopoly entities, as well as draft prices for goods (works, services) of regulated market entities in the electrical energy industry, were approved by the Order of the Minister of National Economy of the Republic of Kazakhstan No. 219 of 17 March 2015.

<sup>74</sup> A special procedure for regulation of the activities of natural monopolies holders bringing in loans from international financial organizations included in the list of natural monopolies holders bringing in loans from international organizations, was approved by the Order of acting Minister of National Economy of the Republic of Kazakhstan No. 710 of 24 November 2015.

Tariffs for utility services in Kazakhstan are not subsidized from the budget but, when establishing tariffs, cross-subsidization is widely used: tariffs for the population are set below the economically feasible level, while tariffs for other groups of consumers are set above the economically feasible level (Annex 1).

Tariffs applied to the services of centralized water supply and disposal, heating, power and natural gas supply are differentiated with respect to consumer groups. Some areas have universal tariffs for certain types of utility resources for all consumer groups.

Over five years (from 2011 to 2015), average tariffs for cold water supply increased by 33 per cent; for water disposal, 55 per cent; for heat supply, 32 per cent; for hot water and power supply, 29 per cent; and for gas supply, 36 per cent. Inflation for the same period amounted to 36 per cent. At the same time, the growth of tariffs did not substantially increase the cost burden of housing and utility services for the population. Such costs amounted to 3.7 per cent of nominal money income and 7 per cent of consumer spending in 2015.

The existing tariffs for municipal services only cover the operating activities of the public utility companies. The established tariffs prevent utility enterprises from making the required investment in the development and upgrading of the municipal infrastructure, with the result that the municipal sector is financed from the budget. At the same time, the statistics on the unprofitability of public utility enterprises demonstrate that the financial conditions of all utility enterprises have been deteriorating for the last five years.

According to the Committee on Regulation of Natural Monopolies and Protection of Competition under the MoNE, there are plans to eliminate cross-subsidization step by step when establishing differentiated tariffs for public services for different consumer groups, and to move towards economically justified tariffs, while improving the system of social assistance for the population.

### ***Providing Budgetary Subsidies to Cover the Costs of Public Utilities and Housing Maintenance***

With regard to payments for housing and utility services (the affordability of housing and utility services), the tariffs for utility services for the population are kept low to support the population; this is done through cross-tariff subsidies to various consumer groups, and direct budget subsidies and loans to utility enterprises, as well as subsidies to the families whose incomes are low because they have to pay for housing and utility services.

Pursuant to the Law of the Republic of Kazakhstan on Housing Relations (Article 97), the Government takes measures to provide assistance to low-income families (citizens) to pay for the maintenance of the community property of a condominium object, utility services, and telephone service, and to pay rental fees for the use of a house from the private housing stock, which is leased by LEAs (what is known as “housing assistance”).

The availability of housing assistance (a subsidy) depends not only on the household income and the cost of housing and utility services, but also on other characteristics of the household. Thus, when calculating the entitlement to housing assistance, the cost of maintaining the community property of a condominium object (in an apartment building) is only taken into account for owners of privatized homes and tenants of homes from the public housing stock. Rental costs are taken into consideration only for those citizens whose housing is provided by LEAs, which rent homes from the private housing stock. When providing housing assistance, only utility costs are taken into consideration for low-income households.

Pursuant to the Rules of Housing Assistance Provision<sup>75</sup>, the right to such budgetary subsidy belongs to households whose expenses for the established list of housing and utility services exceed the maximum permissible level of expenses for these purposes in the aggregate income of the family. Housing assistance is provided from the local budget. To provide housing assistance, local representative authorities (maslikhats) of cities and districts establish a maximum permissible level of household payments for housing and public services. At the national level, there is no normative or recommendatory document for local representative authorities to stipulate the percentage of maximum permissible expenses of the family for the calculation of housing assistance. The maximum permissible level of households' expenditure on housing and public services, which is established by the decision of a maslikhat, varies from 2 per cent to 20 per cent. The most typical figure for this indicator is 10 per cent to 15 per cent. In Almaty, the share of families' maximum permissible expenses for utility and other services is set at 10 per cent, while in Astana it is 8 per cent. Differences in the rules of housing assistance provision, adopted by local representative authorities, resulted in an extremely high level of regional differentiation with regard to the share of housing assistance recipients – from 0.2 per cent in Almaty to 5.6 per cent of households in the Zhambyl Region.

Housing assistance is allocated by the LEA of a city or a district, whose powers include the social protection of the population. Citizens' applications for housing assistance are submitted to, and notices of housing assistance are issued by the non-profit Government for Citizens or through the e-government web portal ([www.egov.kz](http://www.egov.kz)). The allocation of housing assistance is a public service, and is carried out in line with the approved standard for the provision of public services<sup>76</sup>.

According to the Ministry of Labour and Social Protection of the Population, the number of households that receive housing assistance more than halved between 2008 and 2015, and by 35 per cent over the past five years: while in 2011 the housing assistance was allocated to 145,000 households, in 2015 it was allocated only to 93,900 (about 2 per cent of all households). At present, the share of housing assistance recipients is less than that of the population with incomes below the subsistence level (2.7 per cent). According to the expert assessment based upon the per-capita-income distribution of households, around 17 per cent of all households could claim housing assistance under existing conditions.

Over this period, the average amount of allocated housing assistance increased by 28 per cent – from KZT 1,697.9 per month in 2011 to KZT 2,179 per month in 2015. Housing assistance mainly compensates household for their expenses for utility bills. In 2015, expenses for utility services amounted to 95.92 per cent of the gross volume of housing assistance allocated to urban households, and 81.42 per cent of that to rural households.

Within the programme of technical assistance to the Government in reforming tariff policies and regulating the activities of natural monopolies in the municipal sector, the European Bank for Reconstruction and Development is currently assisting the Government in improving the system of social support for the population with regard to the payments for housing and communal services.

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<sup>75</sup> The Rules of Housing Assistance provisions were approved by Resolution of the Government of the Republic of Kazakhstan No. 2314 of 30 December 2009.

<sup>76</sup> The standard for the "Allocation of Housing Assistance" public service was approved by the Order of the Minister of National Economy of the Republic of Kazakhstan No. 319 of 9 April 2015. Available from <http://adilet.zan.kz/rus/docs/V1500011015#z6>