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**FOLLOW-UP TO THE COUNTRY PROFILE ON THE HOUSING SECTOR –  
ARMENIA**

**Workshop Report**

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## **Introduction**

1. The follow-up workshop to the Country Profile on the Housing Sector – Armenia (ECE/HBP/132) was held in Yerevan, on 20 and 21 May 2005, at the invitation of the Ministry of Urban Development. The workshop aimed at reviewing the developments in the housing sector, which have taken place since the Country Profile was carried out, and the implementation of the Country Profile’s recommendations. The workshop was held with the financial support of UNDP.

2. The Country Profile on the Housing Sector in Armenia was undertaken upon the request of the Ministry of Urban Development, which was endorsed by the UNECE Committee on Human Settlements in September 2002. An international team of experts was set up and it carried out a research mission to Armenia in February 2003, in close cooperation with the Ministry. At the 65<sup>th</sup> session of the Committee on Human Settlements the Ministry said that the conclusions and recommendations of the Profile had been used to further develop the housing policy. In particular, work on a housing strategy concept paper had begun. The Ministry further informed the Committee that the Profile had been translated into Armenian and that it was necessary to hold a follow-up workshop in order to launch the study and to involve all relevant stakeholders within the housing sector into the implementation process.

3. The workshop brought together representatives from the government, including the Ministry of Urban Development, local authorities and their associations, non-governmental organizations as well as representatives of international organizations active in Armenia. The workshop was facilitated by representatives of the team of international experts who had carried out the study and invited experts from UNECE countries and by the UNECE Secretariat.

4. Participants discussed priorities for housing policy development and implementation on the basis of the recommendations of the Country Profile and recent programmes elaborated by the Ministry. The Ministry in particular wished to receive feedback from a wide range of national housing actors and international experts on its recent policies and initiatives with regard to social housing, the management of the multi-unit stock and the preparation of the housing strategy.

## **I. THE 2003 COUNTRY PROFILE ON THE HOUSING SECTOR IN ARMENIA**

### **A. Main findings of the Country Profile**

5. The Country Profile was produced following a mission of the team of international experts in February 2003. It was undertaken at a time when the Government of Armenia was looking at a series of significant changes within the housing sector. Armenia had become a “nation of homeowners” with 96% of the housing stock in 2003 in private hands. Privatization was accompanied by changes in the institutional and legal framework. New governmental, private and international institutions have become an integral part of the housing sector and the legal basis for private ownership has been established by the introduction of framework laws for the management of the newly privatized housing stock.

6. However, at that time, Armenia was dealing with the consequences of events that had caused considerable hardship for the entire population: the break-up of the Soviet Union, the ensuing transition policies, the 1988 Spitak earthquake and the influx of a large number of refugees.

7. The government's housing policy for the preceding 15 years had been strongly influenced by these events and had led the government to concentrate on those population groups which were most affected by the overall developments. Those include in particular the people who had lost their homes during the Spitak earthquake and the ethnic Armenian refugees who had come into the country between 1988 and 1992.

8. With international assistance, by 2003, the government had, to a large extent been able to address the housing needs of the most vulnerable people who had lost their permanent homes. In recent years, however, the government has been increasingly challenged to address the problems of the housing sector and to provide solutions. This includes, in particular, the management and maintenance of the existing housing stock which has been deteriorating since the early 1990s.

9. It is within this context that the government requested the Committee on Human Settlements to undertake a Country Profile on the housing sector, which led to the international experts' research mission in early 2003.

#### **B. Recommendations of the Country Profile**

10. The Country Profile made recommendations on the housing reform, the existing housing stock and new construction, as well as on the institutional legal and the financial framework. The main recommendations are summarized in this section.

11. The experts stressed that despite the accomplishments of the government in addressing the housing concerns of the most vulnerable groups, particularly the earthquake victims and refugees, a broader approach to the housing sector was necessary. For this reason an overall housing strategy was needed as a framework for all future housing policies.

12. The experts stressed that any housing strategy should be integrated within Armenia's overall economic development policies. Given the large number of vulnerable groups that have difficulties meeting their housing needs, it is important to place a national housing strategy in the context of the country's overall poverty reduction strategy. It was recommended that the main components of this strategy be the establishment of a framework for the management and maintenance of the existing housing stock, the provision of social housing for vulnerable population groups, the setting up of a framework for a functioning housing market and the provision of the necessary public funds.

13. At the heart of the recommendations were those addressing the continuing decay of existing housing, especially the multi-unit stock.

14. The experts in particular recommended that the government give municipalities clear responsibilities for the management and maintenance of the municipal housing stock. These responsibilities would need to be coupled with measures enhancing the financial and human resource of municipalities.

15. Concerning privately owned housing, the experts strongly recommended to review the management practices within the multi-unit housing stock, in particular with regard to the functioning of owners associations. Experts in particular pointed to the need to raise awareness about the functions of homeowner's associations and the rights and responsibilities of its members. Practical guidance should be provided to apartment owners on all condominium operations: from the negotiation of a management contract to running association meetings.

16. Improving maintenance and management services would also require making the municipal management and maintenance enterprises (zheks) more efficient. This would entail increasing competition in the maintenance sector by providing assistance to emerging private maintenance firms as well as encouraging local governments to seek private firms for the provision of management and maintenance services to the publicly owned stock.

17. However, the experts stressed that no sustained improvement in the management and maintenance of the existing stock could be made without a support system for those who cannot get or maintain a house without help. The experts therefore saw the establishment of a transparent system of housing support for the most needy as one of the government's main responsibilities in the years to come. To achieve this, a wide range of policy options for the provision of housing support were identified, including a system of means-tested housing allowances, rent subsidies and the building up of a social housing stock.

18. The experts repeatedly stressed the important role of local authorities. They in particular emphasized that for local authorities to perform their duties adequately, their responsibilities must be clearly defined. These include improvements in the framework for fiscal decentralization, along with the provisions of the new Law on Local Self-Government (May 2002), as well as improvements in the legal framework for transferring the ownership of land and other immovable property to the local authorities.

19. Experts also stressed the need for a clear division of tasks between the different government institutions involved in the housing sector. Coordination of the different institutions is essential for the development and implementation of efficient housing policies and the experts recommended that the Ministry of Urban Development take a leading role in this area.

20. The experts highlighted the strong involvement of non-governmental organizations in the housing sector. In order to make full use of the activities and experience of these organizations, the experts recommended an assessment of the roles and functions of NGOs and of how their activities fit within the overall objectives of the government's housing strategy.

21. In order to improve the dialogue between the different institutions and levels of government and other actors in the housing sector, the experts suggested the establishment of a housing advisory board consisting of members of the central Government, local authorities, representatives of the private sector, homeowner's associations and the academic community. The advisory board should operate under the auspices of the Ministry of Urban Development and should serve as a forum for sharing views and experience on different projects and initiatives.

22. The experts made a number of recommendations aimed at improving the legal framework particularly with regard to the removal of contradictions between existing legislative acts.

They, however, also stressed that there should be a focus on the implementation of the existing legislation.

23. The experts strongly recommended that, as part of its housing strategy, the Ministry of Urban Development should be responsible for regularly analyzing public and private sector financing of housing. Its analyses should concentrate on volume, source, destination and condition of financing.

## II. CURRENT STATE OF THE HOUSING SECTOR AND MINISTERIAL PRIORITIES

### A. Developments in Armenia's housing sector since 2003 and recent government initiatives

24. Considerable efforts have been undertaken by the government to address the challenges, which were identified by the team of experts in 2003 and to develop strategic directions for the housing sector. The government focused in particular on the large number of needy families who have not been covered by ongoing state housing programs and who cannot on their own improve their housing conditions.

25. The government is also concerned with the considerable number of homeless families as well as the so-called poor owners, who are unable to take adequate care of their property. A particular problem the government faces in this regard is the absence of any tradition of managing private property especially in the multi-unit stock. The housing sector professional skills of all actors involved as well as inadequate financial resources. This results in an insufficient volume of renovation and maintenance works. The threat of rapid deterioration of the housing stock is therefore as high, as in 2003, if not higher.

26. At the center of the government's current efforts to address these challenges is the development of a Housing Strategy. This would ultimately lead to the abolishment of the 1982 Housing Code and to the adoption of a new "Law on Housing Provision". The strategy is currently being elaborated by a team of experts designated by the government. The work of the expert team is supported by UNDP. A draft of the strategy is to be submitted to the Ministry in early summer of this year and the government review is scheduled to be completed by autumn of this year, after which the strategy would be submitted for adoption.

27. The draft strategy concentrates on the housing needs of the most vulnerable groups. It aims in particular at the implementation of the constitutional right to housing through the introduction of a housing allowance system for those most in need and the building up of a municipal social housing stock. The strategy will spell out criteria for the extension of housing support as well as rules and regulations for the provision of social housing including the tendering process for construction. The strategy envisages that the provision of social housing will be based on a comprehensive approach, which includes purchase of social housing units by the municipalities on the private market, new construction as well as the renting out of facilities.

28. With regard to existing accommodation, especially the multi-unit stock, the government has recognized that increased awareness of the respective roles and responsibilities of all actors involved in the sector is crucial for addressing the root causes of the continuing decay of the

stock. The government's planned actions in this area therefore include the development of advisory centers, greater involvement of professional managers, broader participation of NGOs in the sector, and large-scale advocacy campaigns.

29. At the same time, numerous activities have been carried out or have been initiated by the considerable number of international and non-governmental organizations active in the housing sector in Armenia. These include the housing certificate project and the rehabilitation of the earthquake zone carried out by the Urban Institute; the provision of housing for refugees by UNHCR; the improvement of rural housing by the New Way NGO; improvement of heating systems in multi-unit housing by the National Association of Condominium Owners and the Energy Saving Alliance, and the provision of technical assistance to managers of multi-apartment buildings by the Urban Institute and the Third Way NGO. This list is by no means exhaustive.

30. The private sector does not play a very active role in Armenia's housing sector. Although it has taken on an increasing share of new construction, this consists mainly of high-quality housing, which most families cannot afford. Housing provision is thus increasingly polarized with only the wealthiest being able to afford current market prices and with new construction concentrated in certain areas, particularly Yerevan. Consequently, the standards of housing vary considerably between high-quality and continuously deteriorating housing for the majority of the population.

#### **B. Proposals prepared by the Ministry for discussion**

31. The workshop's discussion was based on the recent initiatives of the Ministry discussed above. The Ministry in particular wished to receive feedback on:

- (a) The draft housing strategy aimed at facilitating the implementation of the right to housing;
- (b) The government's proposal regarding housing support to the needy, particularly the building up of a social housing stock and the proposed law on housing policies;
- (c) Management and maintenance of the multi-unit housing stock;
- (d) Lessons to be learned from activities in the housing sector carried out by international and non-governmental organizations, and from the experience of other European countries.

### **III. FEEDBACK FROM WORKSHOP'S PARTICIPANTS: STAKEHOLDERS AND INTERNATIONAL EXPERTS**

#### **A. The Housing Strategy**

32. There was general agreement among participants that the introduction of a housing strategy would be crucial in providing the overall framework of the government's housing policy for the years to come.

33. The participants therefore welcomed the current preparations for the housing strategy.

The experts however pointed out that, while concern for those socially vulnerable should be at the centre of the strategy, this should not focus exclusively on those most in need but should provide a sound basis for the government's overall housing policy. This would include the development of guidelines in areas such as the functioning of the housing market, housing finance, new construction and the maintenance and management of the existing housing stock.

34. Participants welcomed the opportunity to provide feedback on the Ministry of Urban Development's policy proposals, in particular on the housing strategy. They strongly recommended that all actors remain involved in the process of drawing up the strategy.

35. Furthermore, participants requested that the housing strategy be linked, as far as possible, to the government's policies and programmes related to poverty reduction and the Millennium Development Goals.

36. Participants generally agreed that housing should be seen not only as a problem area, but also as one providing opportunities for social and economic development.

37. Experts also stressed that the emerging national housing strategy should provide a framework for municipal housing programmes. A number of municipalities, such as the municipality of Vanadzor, have begun to develop municipal housing policies. These should be assessed and lessons should be drawn when developing the national framework for cooperation between the central government and municipal authorities in the housing field.

## **B. Social Housing**

38. Participants expressed their appreciation of the government's focus on providing to vulnerable groups. They stressed that any housing support system should be need-based. Current, mostly-donor supported programmes for particularly vulnerable groups such as refugees and the victims of the Spitak earthquake, should continue but in coordination with the government's overall housing support policy in order to ensure equal treatment of those in need.

39. Participants agreed that the main challenge for the government, in addition to providing assistance to particularly vulnerable groups, is the establishment of a housing support system for all those in need of accommodation especially homeless people, for whom no mechanism is in place yet.

40. The participants supported government's plans to develop different types of housing support, including a housing allowance system as well as the building up of a social housing stock. The decision about which tool or what combination of tools would ultimately be used, would need to be made by the municipalities implementing social housing programmes.

41. In this context the experts pointed out that it is important to give municipalities clear responsibilities and rights with regard to social housing programmes within the planned Law on Housing Provision.

42. However, whatever tool municipalities decide to use for successful social housing policies and programmes, it is essential that the provision of social housing takes place in a transparent and predictable manner. Households eligible for social housing need, for instance, to be sure that they will be able to stay in the house allocated to them as long as their situation qualifies them for support. In the absence of such guarantees many households will be

unwilling to give up their temporary shelters (domics), often erected on common ground, provided by the municipality for social housing.

43. In the development of social housing policies and programmes the Guidelines on Social Housing, drawn up by the Committee on Human Settlements, might be of use to the Government.

### C. Management and Maintenance of the Housing Stock

44. The decay of the existing housing stock is one of the most, if not the most, pressing problems of the housing sector in Armenia's and could cause serious social problems in the years to come.

45. At the heart of the problem of the decaying housing stock is the inadequate management and maintenance of housing, particularly the multi-unit stock. Participants have identified a number of issues which they perceived to be the main bottlenecks in the management of the stock. They particularly stressed:

- (a) The insufficient awareness among apartment owners of their rights and obligations. In many cases owners are still not aware that it is they who are responsible for the maintenance and management of the building they live in;
- (b) Problems in the management and operation of homeowners associations. Although there are over 800 homeowner associations many of them are not active. Additionally, owner's awareness of their role in the association is very low. Where condominium associations exist they often suffer from a low level of professionalism and a lack of transparency, for example with regard to the appointment of the person in charge of the association or the use of funds;
- (c) Shortcomings in the legal framework especially in the law on condominiums. However, participants agreed that the main problem was not the inadequacy of the legal framework but the non implementation of the legal provisions as well as a general lack of awareness of the condominium law among all concerned, including local authorities, apartment owners and managers of homeowner's associations.

46. There was common agreement among participants and experts that capacity building and training of all actors with regard to the management and maintenance of private property in multi-apartment buildings including the responsibilities and rights linked to this property, need to be at the heart of any policy addressing the problems within the existing housing stock.

47. The experts acknowledged in this context the extensive number of pilot project aimed at strengthening the management of condominiums, which exist throughout the country. Experts recommended that an evaluation of all pilot projects be conducted, followed by an information campaign to publicize examples of good and bad practices.

48. This campaign should be aimed at local governments as well as homeowners, in order to raise awareness of the roles and responsibilities of all concerned. The guidelines on condominium ownership for countries in transition, which were prepared by the Committee on Human Settlements, might be of use to the Government in this effort.



#### IV. CONCLUSIONS OF THE WORKSHOP

49. The government has clearly taken considerable steps towards implementing the recommendations made in the country profile. It is in the process of developing a housing strategy in which priority is given to the provision of housing to those in need and to the management and maintenance of the multi-unit stock.

50. The government is also to be commended for involving a wide range of actors in its policy work, particularly in the framework of this workshop. The wide range of non-governmental actors carrying out housing projects and programmes is one of the greatest assets for the housing sector in Armenia as it provides the country not only with significant financial resources and technical knowledge but also with a wealth of experience.

51. Given this wealth of experience and activities, it is important that the government plays a coordinating role. Stronger coordination is required with regard to a number of actors and programmes, such as those listed below:

- (a) Government and municipal programmes;
- (b) Initiatives of different government institutions at the central level;
- (c) Activities of non-governmental and international organizations.

52. Coordination between the different actors will help the government implement its strategy for the housing sector. At the same time an overall approved strategy for the housing sector, which provides a framework for all activities, is a prerequisite for the government's ability to exercise an effective coordinating role.

53. Once such strategy is in place, the Government may wish to establish an advisory board on housing. Such advisory board would operate under the auspices of the Ministry of Urban Development. It would meet on a regular basis and consist of representatives of other ministries as well as non-governmental, private and international organizations active in the housing sector.