

Housing sector

1. To identify a separate national public authority responsible for housing policy and housing and communal sectors development.

Issues related to the implementation of housing policy are under of the Ministry for Investments and Development, which is entrusted with a wide range of other strategic issues. Given the scale, the objectives of housing construction, modernization of municipal infrastructure and existing housing stock, and improvement of management and maintenance of the multi-family housing stock, it may be recommended to identify a central government agency with the status of a Ministry to be responsible for the formulation and implementation of the government housing and utilities policies.

2. To develop an integrated policy framework for housing sector and its financing.

The Government should develop an integrated policy framework that will comprehensively define the structure and the implementation of national policies related to the housing sector, including its financing. It is further recommended to organize and synchronize all government programmes, initiatives and planned reforms, including the costs of their implementation. It is also necessary to define powers and functions of national and regional authorities in the implementation of specific housing programmes; and to increase the role of local authorities in the implementation of housing policies.

3. To improve the legislation on housing management and maintenance in order to make apartment owners and condominium management agencies responsible for the proper maintenance and operation of multi-apartment buildings, including the observance of energy-efficiency standards.

Constructing an energy-efficient building is not enough. An effective management of buildings should be put in place. It is necessary to set a schedule for energy audit, the inspection of the technical condition, thermal and power equipment, and the responsibility for the implementation of the measures to be provided after the audit of the building. During the period of building operation, an operating entity, establishes its relations with a resource supplying organization, testing the qualitative and quantitative parameters of heat-, water- and energy resources, based on an Energy Data Sheet. In compliance with the specified period, the operating entity shall monitor the actual heat and power indicators of a building, conduct an energy audit of a facility, and implement the energy-efficiency measures recommended.

4. To develop measures to stimulate the development of market based mechanisms for condominium management and maintenance.

It is necessary to develop a set of measures to improve condominium management and maintenance through market-based mechanisms as following:

a) to improve legislation regulating condominium management, to enhance the role of homeowners in community property management and to simplify the decision-making process for homeowners;

- b) to provide targeted subsidies (housing assistance) to low-income homeowners in condominium objects to pay for the costs of common property maintenance, refurbishment and energy-efficiency improvements;
- c) to raise awareness of homeowners in apartment buildings and encourage demand for professional services of apartment buildings management and maintenance;
- d) to foster the offer of professional services of apartment houses management and maintenance on the market (to train professional housing managers, and to develop measures to support new private enterprises); and
- e) to transfer to a market-based mechanism the refurbishment of condominium objects that were refused by a commissioner of refurbishment, and to provide budgetary funds to condominium object management authorities if the funds for refurbishment were preliminarily accumulated by homeowners in apartment buildings.

5. To elaborate a strategic plan to create a non-commercial rental housing sector.

The government is recommended to consider the development of an affordable (non-commercial) rental housing sector to meet the housing needs of households, which are not entitled to housing from the communal housing stock and cannot afford to purchase homeownership.

The creation of a non-commercial rental housing stock will require special measures to ensure state support to non-commercial customers and developers in order to reduce their costs for the construction of such houses and to make the rental fees affordable for the majority of citizens. These measures may include tax incentives, construction subsidies, preferential long-term loans, provision of land parcels for construction free of charge or for a subsidized fee, provision of land parcels under construction with communal infrastructure.

It is recommended to start the implementation of the programme of creation of non-commercial rental housing sector in cities with significant inflow of domestic labour migrants. Local executive authorities may be instructed to make a preliminary assessment of the need for such rental housing.

Housing construction

6. To identify the population's needs in the development of government housing programmes.

The state housing policy envisages support to a rather narrowly defined group of population, such as, vulnerable groups, civil and military servants and employees of budgetary organizations. Groups of population with low income which however do not qualify as "vulnerable" remain outside the government housing support programmes.

Therefore, it is necessary to provide a re-assessment of the population demand for the government housing support programmes. This would help developing more targeted programmes to ensure all groups of population in real need in support are covered by the government housing support programmes.

7. To implement the measures to stimulate the development of internal long-term financing in the national currency and "de-dollarization" of the economy.

Currently, there is a shortage of long-term liquidity sources in the national currency. Credit institutions remain the main channel of attraction of finance for the economy. At the same time,

68 per cent of the banking sector's funding base is from deposits, of which about 60 per cent is in foreign currency. In order to reduce risks, banks now prefer short-term loans with quick "turnover".

The securities market of the country does not serve as a channel of attraction of long-term debt financing either, and the domestic securities market and institutional investors also need development. In particular, the market of mortgage-backed securities is not developed due to a lack of investors in long-term assets. The formation of a full-fledged pension system will ensure demand for mortgage-backed securities, and eventually become one of the long-term funding sources for mortgage lending. Increasing the liquidity and transparency of the securities market will form the basis for the expansion of long-term lending by credit institutions, including mortgages.

8. To ensure a stable inflow of external long-term investment in the economy to develop housing finance.

In order to increase investment attractiveness, the Government should take steps to improve the position of the country in various investment ratings and, in particular, in the "Doing Business" ranking. According to Doing Business 2017, Kazakhstan was in a good position on the ease of doing business, at 35th place. On the indicator "Dealing with Construction Permits", it ranked 22nd, and is one of the top three performers among the former Soviet countries (Estonia and Lithuania ranked 9th and 16th, respectively). However, in terms of the indicator "Getting electricity", the country occupied 75th place, suggesting a potential need to increase the attractiveness of the electric utility industry for domestic and foreign investors.

Provision of long-term funding for mortgage lending in conjunction with the implementation of risk mitigation measures would contribute to a reduction in mortgage rates, which would increase the affordability of mortgages for the population.

Good performance ratings of Kazakhstan's stock market by major international rating agencies also helps to attract foreign investors.

9. To support the established mechanisms through the introduction of new programmes that must take into account, among other things, housing security indicators and housing space standards for provision upon the completion of the Nurly Zher programme.

Successful implementation of the Nurly Zher programme will significantly advance the solution of the problem of providing the population with housing. But after it is completed, it is necessary that the developed within the programme mechanisms continue to operate.

Due to the data on necessary housing construction, taking into account the goal of achieving housing provision in 2020 of 22 m², it is necessary to increase the annual construction from the planned 10.4 million m² to about 12 million m².

Based on the number of registered people in need of housing (2.5 million people), the implementation of the programme will not completely solve the problem of providing housing as it provides for the construction of housing for 1.5 million people. It is also necessary to take into account that the number of people in need will increase during the implementation period of the programme. In addition, there is an unaccounted need for housing for those households that do not belong to socially vulnerable categories with the right to housing in the communal fund and are not investors of HCSB, as their incomes do not allow them to make savings and buy housing on mortgages.

10. To increase “transparency” in the housing construction sector.

Low competition, high administrative barriers, high risks and low transparency for lending, and dependence on direct investments of the population who actually bear all the risks, characterize the housing construction market of Kazakhstan. Foreign participants are virtually absent in this market. Increasing transparency in the housing sector would help increasing competition which, in turn, could help attracting foreign investments. This would eventually reduce the cost of construction and, therefore, increase housing affordability for the population.

11. To increase the energy efficiency of the housing stock.

The Government needs to pursue a policy that would provide incentives to improve energy efficiency of the housing stock. Currently, only MFOs provide loans to improve energy efficiency of housing, but they have limitations in terms of the loan amounts, and cannot meet all demands in this sector. Product lines of banks provide only standard loans for repairs/reconstruction, which borrowers can also use for energy-efficiency improvements. At the same time, the Government should implement international lending practices on housing energy-efficiency improvements that will benefit borrowers, such as a reduction in the payment for housing utilities.

12. To set the requirements for the energy efficiency of buildings to be constructed at the stage of the issue of construction permits (specifying the energy-efficiency class of a future building) and to check the energy-efficiency class upon its deployment stage.

The availability of the Construction Rules and Regulations on Building Energy Efficiency is, in itself, not a guarantee for the construction of energy-efficient residential buildings. The requirements for the energy efficiency of new buildings (including energy-efficiency class of a future building) should be established by relevant authorities at the stage of the issue of construction permits. In case if design documentation is changed during the construction process (this refers to the sanctioned changes), the measures should be implemented to ensure the initially established class of energy efficiency is achieved.

13. To introduce the requirements on Building Energy-Efficiency Labeling for developers and building owners.

Information on energy-efficiency class of a building should be made visible for those purchasing properties. Signs with information on energy efficiency level of residential buildings should be placed on buildings’ facades. Therefore, it is necessary to establish requirements for developers and building owners regarding building energy efficiency labeling. This will support the development of a market for energy efficient housing.

Urban development

14. To engage national partners in the design of local innovation strategies.

The municipal authorities should work with the national Government, as well as with relevant international partners, in order to support and nurture effective bottom-up initiatives for innovation. The authorities of Astana Innovations should monitor that the rolling-out of the three phases of the Astana concept is in line with national priorities and is reflected in the relevant legal frameworks.

15. To engage international partners in the measuring and monitoring of “smart” and “sustainable” innovations.

Consider joining international initiatives for the measurement of innovation at the city level, including the UNECE “United Smart Cities” project, and adopting the KPIs on SSCs, jointly elaborated by the UNECE and the ITU.

16. To enhance research and development capacities on green and other sustainable development technologies.

In line with other general UNECE recommendations to ensure the long-term sustainability of government spending on R&D³, the local authorities should target R&D spending on social and eco-innovation projects. The undertaking of “Expo 2017 on the future of energy” should encourage longer term commitments. In particular, research on energy-efficient technologies should be encouraged through the competitive allocation of resources.

17. To seek engagement in global smart city networks and other international initiatives.

Taking part in initiatives by global expert networks - such as Metrolab and Cities Alliance, among others - could help enhance the knowledge-base of academia, businesses and civil society organizations, and could be an important source of knowledge transfer as well as additional financing.

18. To continue to engage with public and private international partners and organizations.

Existing cooperation initiatives between national and foreign partners on PPPs and on R&D activities could serve as pillars for further initiatives.

19. To enhance citizen participation.

As smart city initiatives increase, the need to involve urban residents in the design of policy priority will also be a necessity. The Akimat authorities should prioritize those innovations that will allow more active decision making by citizens.

³ United Nations Economic Commission for Europe, Innovation Performance Review: Kazakhstan (Geneva, 2012). Available from <http://www.unece.org/fileadmin/DAM/ceci/publications/icp5.pdf>