

Presentation of the Project for construction of housing for socially vulnerable, phase II



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The legal framework

- ✘ ***Loan Framework Agreement*** for the realization of the project of construction of housing for socially vulnerable phase II signed between Moldova and the Council of Europe Development Bank on 16 June 2012.
- ✘ ***Law no. 182 of 11 July 2012 for approvment the Framework Loan Agreement*** between Moldova and the Council of Europe Development Bank for the realization of the project of construction of housing for socially vulnerable II.
- ✘ Organization of construction of social housing is managed by the Project Implementation Unit established under ***Government Decision no. 988 of 24 December 2012*** which provides the management, coordination, supervision of construction progress and reporting to CEB

Commitments under the Project

The objective of the Project is to improve and increase the housing stock of rental housing to low-income and socially-vulnerable families throughout Moldova.

- ✘ The Project aims to complete some unfinished apartments blocks in selected municipalities, deliver some 700 social dwellings “turnkey” to accommodate around 2500 persons from poor and vulnerable families currently unable to access to satisfactory housing conditions.
- ✘ The total cost of Phase II of the project is 20.4 million euro, of which the CEB participates with 65% (13.4 million) of cost and 35% (7 million) are provided by Local Authorities.
- ✘ CEB loan is granted for a period of up to 20 years (from the date of disbursement) including 5 years grace period.
- ✘ Moldova's accepted contribution from local authorities are in – kind and direct investments.

- ✘ **Non-financial** contribution of the local authority includes:
 - ✘ The value of uncompleted construction
 - ✘ The cost of valuation of uncompleted construction
 - ✘ The land value
 - ✘ The cost of land valuation
 - ✘ The cost of project technical documentation
 - ✘ The cost of verification and expertise of project documentation
 - ✘ The cost of technical expertise of uncompleted construction.
- ✘ If the non-financial contribution is less than 35% from the total Project' Cost, the financial contribution is completed by local public authorities until reaching the quota of 35%. Housing units are distributed by local authorities in the legal social conditions.
- ✘ According to the legislation, investment loans can benefit local public authorities of level I and II.

SELECTION OF BENEFICIARIES

Based on REGULATION on the means and conditions of the carrying out of the Project for construction of housing for socially/economically vulnerable groups , Social dwellings shall be granted to representatives of eligible categories in conformity with the following proportions:

- ✗ 10% - persons with severe disabilities;
- ✗ 10% - deinstitutionalized orphan persons aged between 18 and 21;
- ✗ 15% - families with 3 minors at least, single-parent families bringing up at least 2 minors;
- ✗ 15% - families supporting children with severe disabilities;
- ✗ 50% - Young families under 35 of age where at least one of the members is an employee of the budgetary institutions or individuals under 35 of age of the budgetary institutions (in the field of education, health, social assistance) of the locality.

- ✗ The final beneficiaries are selected locally by a Committee established for that purpose according to a scoring system, developed in accordance with criteria developed by the CEB. Selection criteria include living conditions, work, family, health, education and income.

- ✗ Social dwellings are granted relying on a lease contract concluded for 5-year period between the social dwelling house proprietor or authority appointed and each beneficiary within 30-day period after issuing the Local Council Decision. Contract terms may be prolonged for consecutive 5-year periods in the event of preserving conditions for social dwelling obtainment, this being confirmed by respective documents in conformity with the Regulations.

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PROIECTUL DE CONSTRUCȚIE A LOCUINȚELOR PENTRU PĂTURILE SOCIAL VULNERABILE, FAZA

✘ **Project' phase II achievements :**

- ✘ Calarasi – 40 apartments
- ✘ Briceni – 25 apartments
- ✘ Singerey – 35 apartments
- ✘ Hincesti – 56 apartments
- ✘ Soroca – 72 apartments

2014 - 2016

228 apartments completed

✘ **Construction in progress :**

- ✘ Leova – 92 apartments
- ✘ Ialoveni – 75 apartments
- ✘ Nisporeni – 93 apartments
- ✘ Falesti – 40 apartments
- ✘ Rezina – 72 apartments

2016 - 2017

372 apartments in progress

✘ **Preparation for lunching:**

- ✘ Glodeni – 30 apartments
- ✘ Cahul – 65 apartments
- ✘ Cimislia – 49 apartments

2017- 2018

144 apartments to start

TOTAL : 744 apartments

- ✘ Apartments are equipped with sanitary ware, laminated flooring, tiles, painted walls and ceilings, natural gas heating devices, connected to the central water, electricity, sewage networks.

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PROIECTUL DE CONSTRUCȚIE A LOCUINȚELOR PENTRU PĂTURILE SOCIAL VULNERABILE, FAZA II

- ✘ **NEEDS** for Social Housing in Republic of Moldova, in conformity with data collected by the MDRC of 2012, are around 25 800 of vulnerable families .
- ✘ In the Republic of Moldova, in average, a household spend 45% of its income on food and 19% on housing maintenance.
- ✘ In the RM, the number of households with mortgage debt is very low, due to high interest rate offered by banks (12%).
- ✘ Official average monthly salary for 2017 is MDL 5300 or 244 euro.
- ✘ Selling price of new houses range between 500 – 1000 euro/m². Even buying a home with a mortgage is unaffordable for an average income in RM. A loan of 36 000 euro with a term of 20 years at 12% interest rate would mean a monthly burden of 396 euro/month.
- ✘ Social housing rent amount is calculated and approved by the local authorities. The rent not cover the repayment of the CEB's loan interest. It is around 0,3-0,4 euro/m² . The rent for an apartment of 55 m² is between 17-22 euro/month.
- ✘ The rent from the market is much higher. For one room apartment rental costs range from 120 euro to 400 euro/monthly. Rent costs are comparable to a mortgage instalments, which are unaffordable for most people in the Republic of Moldova.

BLOCURI DE LOCUIT CONSTRUITE ÎN CADRUL FAZEI II A PROIECTULUI DE CONSTRUCȚIE A LOCUINȚELOR SOCIALE

or. Călărași, str. Ștefan cel Mare, 42



Bloc de locuit cu 40 apartamente, 5 nivele

CASE DE LOCUIT CONSTRUITE ÎN CADRUL FAZEI II A PROIECTULUI DE CONSTRUCȚIE A LOCUINȚELOR SOCIALE

15 localități ale r-lui HÎNCEȘTI



***Mingir, casa de locuit cu 4
apartamente***



***Hîncești, casa de locuit cu 4
apartamente***

BLOCURI DE LOCUIT CONSTRUITE ÎN CADRUL FAZEI II A PROIECTULUI DE CONSTRUCȚIE A LOCUINȚELOR SOCIALE

or. SÎNGEREI, str. Independenței, 75A

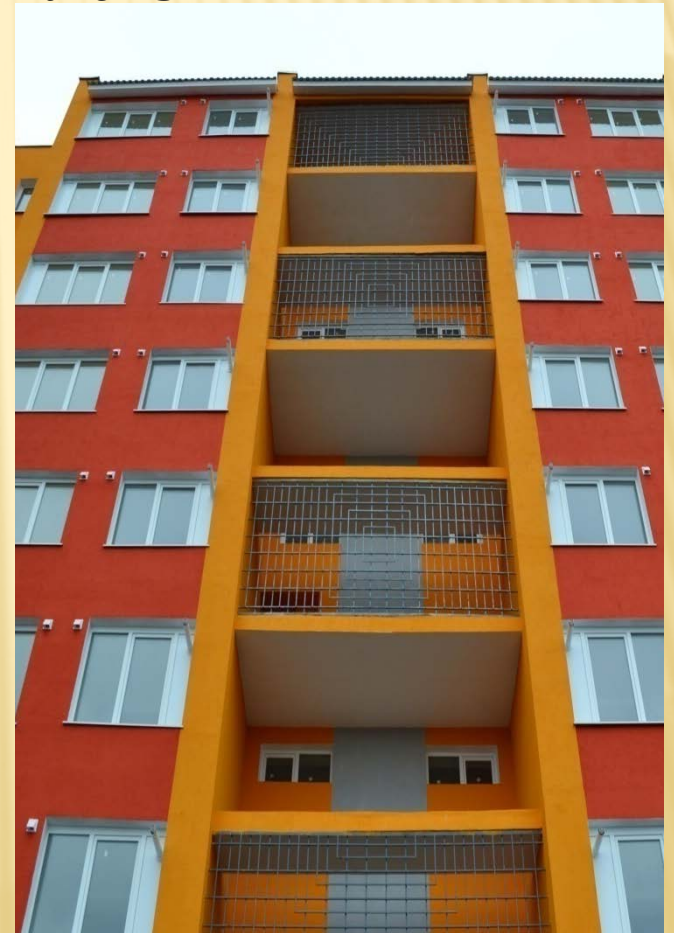


Bloc locativ cu 5 nivele, 35 apartamente

BLOCURI DE LOCUIT CONSTRUITE ÎN CADRUL FAZEI II A PROIECTULUI DE CONSTRUCȚIE A LOCUINȚELOR SOCIALE



or. SOROCA, str. Ștefan cel Mare 132



2 Blocuri locative cu 9 nivele, 72 apartamente

BLOCURI DE LOCUIT ÎN PROCES DE CONSTRUIRE ÎN CADRUL FAZEI II A PROIECTULUI DE CONSTRUCȚIE A LOCUINȚELOR SOCIALE

R-l. Nisporeni, s. Vărzarești



4 Blocuri locative cu 5 nivele, 93 apartamente

BLOCURI DE LOCUIT ÎN PROCES DE CONSTRUIRE ÎN CADRUL FAZEI II A PROIECTULUI DE CONSTRUCȚIE A LOCUINȚELOR SOCIALE

Or. Leova, str. Varlaam 1/1



4 Blocuri locative cu 3 nivele, 92 apartamente

BLOCURI DE LOCUIT CONSTRUITE ÎN CADRUL FAZEI II A PROIECTULUI DE CONSTRUCȚIE A LOCUINȚELOR SOCIALE

Facilities in the social apartments



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Steps to be taken by the local authorities involved in the project
WITH unfinished BUILDINGS and construction from level zero

- ✘ Decision of the District Council on the participation in the project;
(preparation period up to 3 month)
- ✘ Valuation of land allocated for construction;
- ✘ Development of project technical documentation, verification and expertise of project technical documentation (preparation period up to 12 month);
- ✘ Decision of the District Council on the approbation the project' costs (preparation period up to 3 month);
- ✘ Signing the on-lending contracts with the Ministry of Finance (up to 3 month);
- ✘ Signing the collaboration with Project Implementation Unit (rapidly);
- ✘ Decision on transmission from District Council of the land allocated for construction and project documentation to PIU II for temporary management during construction;

The problem is:

- ✘ All preparation period takes up to 12-16 month.
- ✘ CEB approbation and Tender Procedures takes also up to 3 month.
- ✘ Projects technical documentation elaborated in 90' are old fashioned and have structural constrains, their modernization is costly, and sometimes impossible.

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Proposal for solving the issue is:

- ✗ Project Implementation Unit can contract through public tender procedures a design company for drafting project documentation for 3- 4 standard housing projects. (for construction from level zero, but also can be developed for unfinished blocks).
- ✗ The financial ratio of CEB could be increased until 90 % for APL for projects “from zero”, as local authorities usually are forced to attract financing from commercial banks to supplement their financial contribution.

The aim is:

- ✗ Minimize project preparation period until launching the project' implementation.
- ✗ Obtaining project documents well developed according to the requirements, criteria, legal norms for social housing. Verified and expertised.
- ✗ The estimated cost is determined for each type of construction.
- ✗ Construction surfaces are determined.

The Impact:

- ✗ The project implementation period shrinks by about 12 months,
- ✗ Housing Construction cost equalization standard, that allow to develop a better financing plan
- ✗ More local authorities will benefit implementing projects “from level zero”.

APEL FAZA III A PROIECTULUI

To achieve continuous social housing construction projects in Moldova and initiation of Phase III, Local Authorities are encouraged to present the agreement - intention to participate in the Project implemented by the Ministry of Regional Development and Construction.



THANK YOU FOR YOUR ATTENTION!