HOUSING MAINTENANCE AND MANAGEMENT PRACTICES IN ARMENIA

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BACKGROUND

• Three key factors impacting the situation in Armenia in the late 1980s:
  - the severe 1988 Spitak earthquake
  - regional conflict/blockades
  - collapse of the Soviet Union and loss of economic ties with trade partners

• Afterwards the heavily subsidized housing sector became more inefficient

• Political decision was made to privatize the housing stock, however without defined clear objectives and targets for its proper maintenance and management by new homeowners

• Subsidies for housing sector were removed in 1995

• Decades of inadequate maintenance of the housing stock and abolition of central heating systems followed
MULTI-APARTMENT HOUSING STOCK DATA (1)

• Housing stock – 94.9 million m² (as of 01.01.2018), including:
  – Multi-apartment housing stock: 28.281 million m² (19,195 buildings, 443,023 apartments), of which in urban areas: 27.6 million m² or 94%
  – Individual housing stock: 66.3 million m² (396,948 houses)

• The housing stock of Yerevan: 15.5 million m² (4,848 buildings, 233,053 apartments) or 54.8% of multi-apartment housing stock’s total area

• Average housing floor area per person is quite high: 31.4 m²
MULTI-APARTMENT HOUSING STOCK DATA (2)
LEGISLATION REGULATING RELATIONS IN THE HOUSING SECTOR

- Civil code (1998)
- Land code (2001)
- The law "On state registration of property rights" (1999)
- Tax Code (2016)
MANAGEMENT OF MULTI-APARTMENT BUILDINGS

• Privatization of multi-apartment housing stock led to a new institutional environment in the housing sector, with prevalence of private property (99% of the MABs are located in private ownership).

• MAB management bodies, e.g. condominiums first emerged in 1995.

• As of 01.01.2017, out of 12,106 multi-apartment buildings in 48 cities of the Republic of Armenia:
  • homeowner-established entities, mainly condominiums, manage 8,026 buildings (or 66.3%), and in Yerevan those manage 4,750 buildings of the existing 4,824 buildings (or 98.5%)
  • no established management bodies exist in 4,080 buildings (or 33.7%) located in 34 cities (out of 48 cities), and corresponding management powers are of the community heads, as set forth by law.
TECHNICAL ASSISTANCE PROGRAMS

• Projects implemented by international donor organizations, both completed and ongoing, mostly focus on improving energy efficiency in buildings:
  • UNDP / Global Environmental Fund/Green Climate Fund
  • UNECE
  • USAID
  • Habitat for Humanity Armenia
  • French Development Agency
  • Asian Development Bank (study on elevators)

• Still, many issues in the sector are pending their proper solutions.
Outlined barriers in multi-apartment buildings management sector

TECHNICAL BARRIERS

INSTITUTIONAL BARRIERS
• Poor technical condition of the housing stock

Existence of occupied buildings with various degrees of damage

- **3rd degree** – subject to restoration and reinforcement: ~500 buildings, mainly in Yerevan, Gyumri and Vanadzor cities
- **4th degree** – subject to demolition: ~50 buildings

The remaining **buildings need a major repair**, in particular

- Roofs: 70%
- Stairwells: 31%
- Basements: 50%
- Water and sewer networks: 60%
- Entrances: 66%

• Absence of reliable information on the technical condition of buildings:
  - absence of technical condition surveys, to be done once every 10 years, and consequent absence of passportization of buildings
INSTITUTIONAL BARRIERS (1)

- **Deficient legislation**
  - *Absence of a clear delineation* of the rights and obligations of all stakeholders in the area of management, maintenance and operation of multi-apartment buildings
  - *Difficult procedure for applying sanctions to non-payers*
  - The requirement for a *high proportion of the number of votes* to be fulfilled by the general meeting of the homeowners
  - *Ambiguity of implementation of general supervision* by the head of community over fulfillment of mandatory norms in the MABs
  - *Absence of professional qualification* requirements for the MAB managers
  - There is a *conflict of roles for condominium managers* who both represent tenants and are responsible for managing the property, including upkeep and repair.
INSTITUTIONAL BARRIERS (2)

- **Low level of managerial activity**, particularly in the planning of works, preparation of cost estimates and annual budgets, as well as in reporting and operational transparency

- **Low level of awareness among the owners** of their rights and responsibilities towards common shared ownership

- **Absence of effective control mechanisms** over the implementation of the mandatory norms for the maintenance of the common shared property of the building

- **Low level** of development of **services market** for building maintenance
INSTITUTIONAL BARRIERS (3)

• **Low efficiency of financial flows** for multi-apartment housing stock management, maintenance and operation
  – Low level of maintenance fees and collection rates
  – Ineffectiveness of punitive actions towards non-payers
  – Existence of abandoned apartments

• **Absence of coordinated support mechanisms** for the rehabilitation and improvement of the common shared property of multi-apartment buildings

• **Absence of an effective system of financing** for works directed to the maintenance and operation of MABs
INITIATIVES UNDERWAY/PLANNED TO ADDRESS EXISTING BARRIERS (1)

• Improvement of legislative framework for management of MABs

• Development of directions and principles for the introduction of coordinated state support mechanisms (including public-private partnerships (PPPs)) aimed at reconstruction, renovation (including energy saving and energy efficiency improvement) of common shared property in MABs

• Implementation of activities aimed at market formation of real estate professional managers and preparation of training courses

• Creation of preconditions for creating a fund to support the reconstruction and renovation of common shared property in MABs
 INITIATIVES UNDERWAY/PLANNED TO ADDRESS EXISTING BARRIERS (2)

• Development of passport procedures for buildings/structures under construction and existing buildings/structures, including the template of the building passport and the model of a unified buildings database based on the data contained in the passports (2019-2020)
  – *Support provided by “De-risking and Scaling-up Investment in Energy Efficient Retrofits” UNDP-GCF Project*

• Introduction of a computer program for buildings database based on baseline data (2020-2021)

• Development of rules for maintenance and operation of multi-apartment buildings.
  – *Support provided by “De-risking and Scaling-up Investment in Energy Efficient Retrofits” UNDP-GCF Project*
Improvement of legislative framework for management of MABs

• A new draft Law “On management of multi-apartment building” was proposed by the Inter-Agency Working Group to the Government for approval, however it has not been progressed since June 2018.
  - Support provided by UNECE & “De-risking and Scaling-up Investment in Energy Efficient Retrofits” UNDP-GCF Project

• On 16 May 2019 the government assigned the RA Urban Development Committee to submit the draft law "On making amendments into the RA law "On management of multi-apartment building” to the PM's office within 2019-2020
NON-GOVERNMENTAL ORGANIZATIONS' INVOLVEMENT IN HOUSING SECTOR

• Promotion of “informed and responsible homeowner” model through
  - awareness raising campaigns
  - proper perception management
  - trainings for active homeowners

• Introduction of transparent reporting and payment systems for management organizations

• Development of national local capacities to effectively address the existing challenges in the housing sector through
  – Establishment of Geneva UN Charter on Sustainable Housing
  – Introduction of training programs for property managers and other specialists
  – Continuous exchange of knowledge and experiences at local (e.g. between newly-built MABs and existing stock) and regional (UNECE) level
THANK YOU FOR YOUR ATTENTION!

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