

Chapter 1

1. National housing policies should promote decentralization and greater roles for local authorities and the private sector.

It is recognized that housing policies in Belarus ensure comparatively good living conditions for the population and are comprehensively formulated, including with respect to new construction, housing maintenance and subsidized loans. In the future, a more decentralized approach should be developed and gradually implemented, with increased roles for local authorities and the private sector in constructing, maintaining and financing housing.

2. The division of responsibilities with respect to housing policies at the national level needs clearer definition and strengthened interministerial cooperation.

In general, the institutional framework of Belarus is well organized. However, in spite of having an established hierarchy of responsibility, the country suffers from a lack of clarity regarding those responsibilities. The Government may wish to consider ways to accelerate the decision-making process and improve coordination on housing issues, including by reducing the number of Government bodies involved.

3. Responsibilities at the local level and the participation of civil society should be strengthened.

Oblasts and rayons should have greater and more independent scope to formulate and implement housing policies adapted to local needs, rather than mainly executing national policies. The current “top-down” approach serves as a disincentive for the municipal-level actors whom these decisions most frequently affect. Although one of the goals of SSISO is to improve the ability of lower-level actors to influence decision-making, it does not appear to be making significant progress yet. Opportunities to influence local decisions through local management would also enhance civic participation.

4. The role of non-profit, non-governmental, international and private actors should be expanded.

NGOs and the private sector do not play a sufficient role in policymaking and policy delivery. Considerable restrictions prevent these actors from function to their full capabilities. Greater involvement of the international community would encourage international investors to make financial commitments to the country. Local investors would also be more motivated if the Government were perceived as more of a facilitator than a regulator. Trust in the system, which is sometimes perceived as rather bureaucratic, would increase. Establishing guidelines for NGO participation would help ensure a fair and unbiased approach to regulation.

Chapter 2

5. Involvement of private sector in housing and construction should be promoted, and its development should be supported.

The State is the main actor in the housing and construction sector, and construction activities are implemented by the State through State-owned construction companies. The private sector is seriously underdeveloped and underrepresented. It is also difficult for private sector companies to participate in State orders and tenders, as the chief competitors are State-owned companies. This situation creates entry barriers for private sector activity, placing constraints on the sector’s competitiveness and its economic incentives. The construction industry should be decentralized and opened up to private participation on a competitive basis. To increase the private sector’s competitiveness, more flexible regulations in the field are needed. There should be no minimum capital requirements or requirement for regular license renewal for construction firms. As well, competition between public and private companies for subsidies during public land sales should be fair. Reducing the bureaucratic procedures (especially abolishing the duty to pay for different options and sell housing for regulated prices) required to establish private businesses (including for foreign companies) and to undertake housing development projects would also help.

Public companies substitute for the private sector in many fields. Often, substantial barriers to further development of private businesses prevail. To increase competitiveness, the large regional maintenance companies could, for example, be transformed into a series of competing private maintenance companies, and their accumulated funds could be distributed as the initial payments (public grants) to the repair funds of newly established homeowners' associations.

6. Access to affordable housing should be better targeted and options should be increased. It is vital to reduce the number of needy households waiting for soft loans – sometimes up to 20 years in developed urban areas. State policy should cater to really very needy citizens, and the categories described as needy should target the low-income households living in the worst conditions. Those falling outside the very poor could be granted other support programmes that would allow them to improve their living conditions with different and diversified financial instruments. Any change, however, should be gradual and conditional regarding the development of an alternative and affordable mortgage market and the establishment of strong regulatory frameworks. Also, a strengthened social housing sector might be considered.

7. The creation of homeowners' associations should become mandatory. All apartment houses with privatized dwellings should be transformed into homeowners' associations and potential public subsidies to homeowners should have specific targets (e.g. improving insulation) and should be allocated only when the homeowners themselves contribute regularly to repairs, which should be set at a minimum amount.

8. Energy efficiency in the housing sector should continue to be pursued and improved. Due to the availability of cheap oil and gas, very little emphasis has been put on energy efficiency in the housing sector to date. The Programme on Energy Asset Modernization, Energy Efficiency and Use of Local Fuels for 2006–2010, adopted by a Presidential Edict in 2005, aims to effectively use energy resources in all fields of industry, including the construction sector. To successfully implement this programme, energy efficiency in the housing sector needs to be strengthened. Special attention should be given houses built during the Soviet era, since these have high rates of energy consumption.

The use of innovative construction materials, e.g. eco-construction, should be promoted, as should new innovations and technologies. An awareness-raising campaign could inform the population about the important benefits of energy-efficient construction.

9. State subsidies in the utilities sector need to be better targeted, notably to very needy population groups. Medium- and high-income households should not receive subsidies. This would allow the State to avoid considerable expenditures on utilities and at the same time would help concentrate the resources used for utilities' maintenance and rehabilitation.

Chapter 3

10. The system of soft loans needs reform.

There is a need to reduce the long waiting period for low-interest credit and access to new not-for-profit owner-occupied housing. Delays (both for interest subsidy and cheap new housing) are caused by the lack of clarity regarding subsidy eligibility and the lack of transparency regarding subsidy allocations.

11. Eligibility criteria should be clearly defined and separated.

Clear separation between eligibility for new "cheap" owner-occupied housing and for interest subsidies (soft loans) could help substantially to decrease the waiting period for receiving these soft loans. It would also help improve freedom of choice. Housing policymakers should more clearly define the eligibility criteria for these different types of subsidies.

12. Interest subsidies should be available immediately.

All eligible households should be able to receive soft loans immediately. These could be distributed either as smaller loans, though available to anyone wishing to buy new or existing housing now, or at the full loan value, but only to priority population groups (e.g. low-income households, young couples, families with children) who want to acquire housing immediately.

13. The development of a competitive and diversified banking sector should be supported.

The liquidity of both State and private banks could be improved by opening up the banking sector to foreign capital and money channels as well as mortgage banking (mortgage bonds), so long as strong regulatory institutions were put in place after careful analysis of Belarusian households' savings behaviours and public spending. A system of housing savings might also be created.

14. The mortgage law should be fully implemented.

The already approved legislative framework for the mortgage market is essential for moving from housing loans (and various existing lease schemes) to classic mortgage loans and for decreasing risk for mortgage lenders. Efforts to further cut inflation are a key to bringing down future public spending on interest subsidies.

15. A means-tested housing allowance should be considered.

Taking into account the relatively low average share of total household expenditures for housing and the already large economic subsidies stemming from "giveaway" privatization measures in the past, the subsidy covering the difference between tariffs and housing costs should be gradually withdrawn and a new, means-tested housing allowance introduced instead. Such a housing allowance should be focused mainly on households in need, i.e. those spending too high a share of income on housing, and should be limited by norms on costs and size of housing. Assistance with implementation of this recommendation might be provided by Presidential Decree No. 638 of 14 December 2007 "On Some Measures of Providing State Support to the Population".

Chapter 4

Land administration

16. Private land ownership should be strengthened. (The right to private ownership of land is set forth in Article 11 of the current Land Code.)

In order to use land resources more efficiently and to attract more private capital to develop agriculture and industry, it is essential to make the land market more accessible by increasing the transfer of land parcels to the private sector.

17. Land-related revenues should be used for infrastructure and social purposes.

Transfer of land parcels to the private sector would generate income that could be used to help solve social problems – in particular to develop infrastructure and construct social housing.

18. Restrictions on foreign land ownership should be reduced. Despite the Presidential Decree No. 667, which allows foreign legal entities to lease land plots for up to 99 years, legal barriers to the sale of land to foreigners hinder foreign investment. Foreigners should be entitled to buy private non-agricultural land; this would benefit the country's economy.

19. Real property formation procedures should be simplified. Registration of land parcels and constructions should be accelerated to better protect real property rights and promote an efficient taxation system.

20. E-land administration should be further facilitated. Modern information technologies for State authorities would support decision-making related to real property. To implement the "one-stop-shop" principle, citizens should be offered more e-services in real property administration. E-land administration is an important element in building a national e-government.

21. The land tax should be based on land cadastral (market) value. This would promote social fairness and make calculating local budgets easier.

22. A more flexible mortgage system is needed to make the land market more active. This mortgage system should offer more opportunities to both natural and legal persons and entities to obtain credit.

Spatial planning

23. Local communities should be empowered to formulate and implement their local planning needs. While representatives from rural councils submit summaries of requirements for administrative subregions, national policy overrules local requirements in practice. Empowering local administrators to decide on local plans and their implementation would improve the quality and acceptance of local planning.

24. An assessment of efforts to strengthen small- and medium-sized towns should be planned and carried out. The expansion of these towns (and also the *agrorodki*) seeks to rebalance urban and rural populations and to redistribute the tax base. However, it should be assessed in due time whether this policy is effectively addressing rural-urban migration in the county, taking into account the fact that the urbanization rate in Belarus is now higher than ever before.

25. The impact of the development of housing along the E30 transportation corridor should be further evaluated. This development may result in transitional housing, since the economy in these areas is not fully developed.

Typically, urban development along major transit routes brings a host of negative associated impacts, e.g. decreased security and community safety, increased pollution and transient economies.

26. More professionals working in urban planning should be involved in planning processes, which should be open to the input of the private sector. The Government retains a de facto State monopoly on planning, with IRUP and Minskgrad being the only two urban planning entities. The Government should consider taking more advantage of urban planners, including those working in private practice. If local urban planning experts were given the autonomy to design and deliver strategies meeting general criteria, there would be greater diversity in urban and rural development as well as more effective planning overall.

27. The expansion of Minsk city should be closely monitored. Enlargement of the city area is both positive and negative: on the negative side, it enables urban sprawl by dedicating currently used land for housing and industrial development. Industrial zones and free economic zones may combine in undesirable ways in new housing developments. On the positive side, the Minsk City Executive Committee well realizes the advantages of a rational plan that accounts for and controls growth, thereby averting illegal and unplanned settlements. The *dacha* culture of peri-urban Minsk may suffer, but such a plan would regulate growth and density, provided that the State is willing to maintain oversight of these areas.