

Housing policy, Housing fund

In last years a program approach of support directed to the housing problems solution was formed and the problems related to improvement of housing conditions for families left without shelter as a result of natural or man-made/technogenic disasters, homeless families of died or disabled soldiers, resettlement of inhabitants from the unsafe and accidental multiapartment buildings, which are subject to the demolition, were solved by the adopted target programs of state support after priority. Along that activities the problems of single pensioners and children without parent care were also regulated.

In result during last years approximatly 21 thousand families were granted the opportunity to improve their housing conditions within the framework of adopted programs.

It should be mentioned that within the framework of implemented programs the attantion of the government, international and donor organizations was mainly concentrated at the solution of housing problems of homless families because of natural or man-made disasters.

In his scales there is separated the program of state support directed to the housing provision of homeless families after earthquake of Spitak in 1988, which is started in 2008. Within the framework of this program the problem of housing provsion of approximately 4300 families were solved till today and during coming 1-1.5 years it is envisaged to solve the problem for about 1100 families as well.

The programs directed to the improvement of housing conditions of families living in unsafe buildings, which should be demolished, socially vulnerable persons and special groups, are continueing.

Adopted programs are based on the approach of target financial asistance to the citizens from the direct construction funding appropriate to the market relations (with free/noncom penceted state financial assistance to buy from the market an apartment (house) or construct it in terms of economic and urban development advisability.

The approach of gratuitously/free/ financial assistance has partly contributed to the development of housing market and to the establishment of housing construction as a business. There was recorded a growth of housing construction at the expances of private investments.

Many programs financing the housing sector were started last year which propose are different financing mechanisms through state subsidy, refinancing of mortgage loans, as well as tax privileges. Some of these programs are affordable housing through mortgage loans to young families and young specialists in need of improvement of housing conditions.

Within the mentioned programs the government intervention consists in the provision of tax privileges, partly subsidy of loan rates, definition of more long-term deadlines for repayment of loans, low loan rates and costs of less than the market prices for 1 square meter of the residential space.

Besides in government bodies, as well as in government organizations of education, culture, science and social protection the workers have a possibility to repay the mortgage, if they want, from the amount allocated from the state budget within the social package.

Along with this, lately appropriate changes were made in the RA Law "On Income Tax" to foster housing construction and to activate the primary market, that gives the citizens the possibility to direct the income tax paid by them to the payment of mortgage loan rates in cases when the citizen buys an apartment directly from the constructor, as well as from the state or community within the housing provision program implemented by the state and/or community, or when the loan will be directed to the construction of a private house.

It is noteworthy that at first sight according to the statistic data there is no strong necessity of housing demand in the Republic. In particular as of 1 January, 2014 the indicator of housing provision for one person is 31.3 square meter, among this 26.7 in urban settlements, and 39.4 in rural settlements.

Meanwhile in contrast to these indicators according to the expert evaluation there are about 30 thousand homeless families in the Republic, and about 30 thousand families need to improve their housing conditions. That is, despite of implemented programs and envisaged measures the problem solution is still far from being satisfactory and the level of housing demand is still high. There is a polarization of housing provision index.

With a view to regulate the question of housing conditions improvement of persons who have not a possibility to solve their housing problems in market relations at their own expenses and persons who are not a beneficiary of implemented or being implemented programs, the government has approved the strategy on formation of social housing fund which is the main

strategic document of social housing fund development and is the basis for development of medium- and long-term programs of that direction.

In this document are presented the models of formation of social housing fund to support the realization of constitutional right of housing conditions' improvement in market relations for families that need a house or are involved in socially different groups, through the clarification of housing policy principles, directions and financing mechanisms for the development of mentioned models.

Based on the implementation of programs for social housing fund formation in the Republic, as well as on the results of international experience analyses the following models of social housing fund formation applicable in Armenia were presented with the strategy from various models of social housing fund:

- Social house with supporting conditions: the housing fund formed by use of this model is created at the state expenses and is a version of solution of housing conditions' improvement for persons of socially vulnerable and special groups which have a right to receive residential space.

- Social houses for rent: using this model the social housing fund can be established:
 - with state resources or within the public-private partnership (PPP)
 - by initiative of local self-government bodies with community resources, if they are not enough, by involvement of investors or within the public-private partnership (PPP), and in given community it is the improving means of housing conditions of persons who have no possibility to solve their housing problems themselves or persons who became homeless because of different reasons.

According to the strategy the fund can be formed with projects developed using energy saving measures by completion of new construction, renovation of existing multi-apartment buildings, completion of buildings of unfinished construction, by rechange of the fund of existing public/state or community property, achievement (buy, rent) of apartments (houses) from the market. The residential spaces of established fund will be allocated with right of free use or on the rental basis.

Despite the measures fulfilled with the purpose of improvement of housing condition of the citizens works were fulfilled to reform the multiapartment fund management.

In the result of reforms a new institutional environment was formed, one of which characteristic features is the priority of private property in the sector. At present the multiapartment fund is 27.5 mln square meter (18974 buildings, 435.5 thousand apartments) 96 percent from which is the private property:

The formed environment in general is favorable for provision of further development of the sector. In particular the sphere regulatory legislation operates, the general framework of competences and duties of parties participating in the process were defined.

But there are obstacles and gaps in institutional environment that essentially limits the progres possibilities, which is conditioned by limit of financial resources on the one hand, and by obstacles and gaps institutional framework the other hand, especially by the current unfavorable behavioral structure of owners towards the general equity property .

As a rule, the expenses made during last years for protection and use of general equity property of multiapartment fund were not regular, they were sectoral and directed generally to the elimination of significant defects and dangerous occurrences which brought to the suspended depreciation accumulation. Big investments are needed for secure use of buildings as well as for enhancement consumption features.

Moreover, there is a strong possibility of deepening of the sphere problems in parcular for appropriate protection and renovation of equity property of multiapartment buildings and it is obviously that the implementation of necessary works to this directions is not realistic by means of the owners of buildings.

Conditioned by the present social economic situation in the country and by existence of low efficiency of institutional and legal field, among these also by absence of acting mechanisms for use of various legislative provisions there are still various problems of multiapartment fund management, protection and use that need a solution:

- low level of managment efficiency of multiapartment fund and activity transparency of their management bodies:

- low level of awareness and right and duty perception toward to common share property by owners themeselfs:

-low efficiency of financial flows for management, protection and use of multiapartment fund.

- high level of physical depreciation of existing multiapartment fund

Highlighting the problem the 5-years strategic program for management, maintenance and exploitation multi apartment fund was approved by the RA government in 2011 which has fixed the main principles of field reforms, the necessity to support to the investment of a new management model, that is the institute of professional manage, to the improvement of institutional environment and enhancement of abilities of management bodies, as well as to the maintenance and innovation of infrastructure of multiapartment buildings among these support to the measures for increase of energy efficiency and saving.

There is refixed by the stratiguc program that the managemeny, maintenance and exploitation of existing housing stock is the duty of the apartment owners, and the state supports to the realization of that functions.

It is necessary to mention that the programs being financed within the framework of state support, solving some problems and providing concrete purposes, are finally oriented to provide the desired result of state support that is the expansion of activity and participation grade of owners in common share property maintenance and exploitation and exchange of formed behavoiral structure.

One of the prerequisites of effective realization of strategic program is the implementation of the measure “Improvement of legislative field of multiapartment fund: improvement of the main law regulating the field” foreseen by schedule of program measures, that is now in development phase.

The problem of time is also the energy efficiency and energy saving in multiapartment buildings.

According to the appraisals the energy saving potential of buildings is 40 percent and the problem is significant coming out of the necessity of:

- effective use of energy resources,
- protection of environment, reduction of greenhouse gas emissions.

The problems of energy saving is important in the context of continuous increase of prices of energy resources and are one of the elements of energy security of the country.

The demand of implementation of measures to increase of energy saving and energy efficiency of buildings are difined by the acting normative-technical documents that regulate

the field, but they don't act mainly in constructing (reconstructing renovating) objects/buildings (educational, cultural, residential etc.).

Lately a resolution was adopted by the government that defines the measures under use aimed at the increase of energy saving and energy efficiency of objects being constructed, reconstructed and renovated at the state expenses (state and community budgets, budget loans and borrow) providing the requirements defined by the acting normative-technical documents that regulate the field. Moreover these measures can be used in processes of objects projection, expertise and organization of state purchase of construction works.

It is expected that using the requirements defined by the resolution the dimensions of consumption of used fuel energetic resources, as well as the operation costs will be essentially reduced, providing the standard comfort conditions.

At the same time it is necessary to mention that the effective and addressed implementation of any program and measures is essentially conditioned by the existence of reliable information – a complete database that is unfortunately absent by us.

In existing social economic conditions in context to mitigate the factors that obstacle the housing field development and to deep the reforms, of great significance is the implantation of sustainable mechanisms of functions' realization and the clarification of state intervention framework aimed at the exclusion of the loss of multiapartment fund as an important asset for the country, as well as at the provision of housing affordability for persons involved in different social groups.