



Republic of Armenia

# HOUSING MAINTENANCE AND MANAGEMENT PRACTICES IN ARMENIA

## *International Conference*

“Towards the implementation of the 2030 Agenda on Sustainable Development: housing management, energy efficiency in buildings and sustainable urban development”

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# BACKGROUND

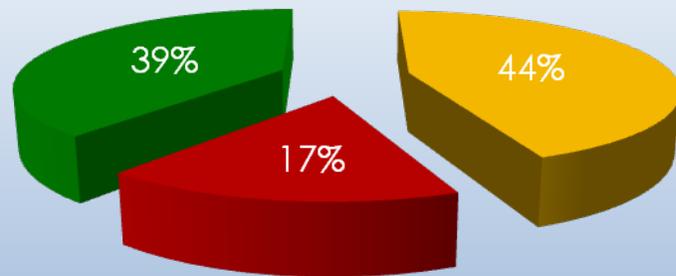
- Three key factors impacting the situation in Armenia in the late 1980s:
  - the severe 1988 Spitak earthquake
  - regional conflict/blockades
  - collapse of the Soviet Union and loss of economic ties with trade partners
- Afterwards the heavily subsidized housing sector became more inefficient
- Political 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 m<sup>2</sup> (as of 01.01.2018), including:
  - Multi-apartment housing stock: 28.281 million m<sup>2</sup> (19,195 buildings, 443,023 apartments), of which in urban areas: 27.6 million m<sup>2</sup> or 94%
  - Individual housing stock: 66.3 million m<sup>2</sup> (396,948 houses)
- The housing stock of Yerevan: 15.5 million m<sup>2</sup> (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 m<sup>2</sup>

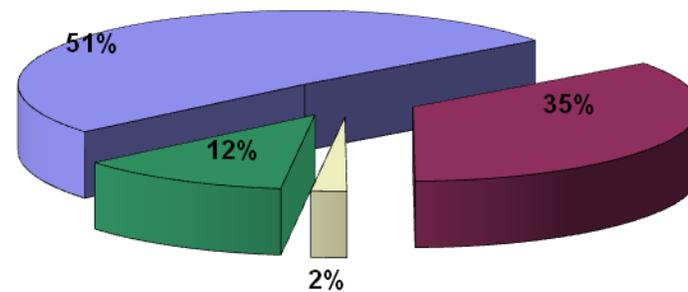
# MULTI-APARTMENT HOUSING STOCK DATA (2)

## Construction by years



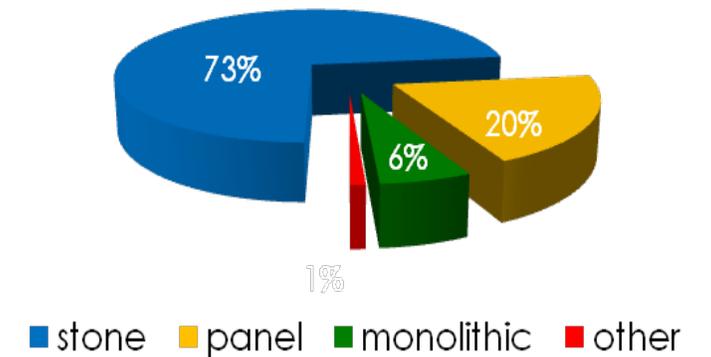
■ 1970-1990 ■ after 1990 ■ before 1970

## By number of floors



■ 1 - 2 ■ 3 - 5 ■ 6 - 8 ■ 9 and up

## By construction of walls



■ stone ■ panel ■ monolithic ■ other

## LEGISLATION REGULATING RELATIONS IN THE HOUSING SECTOR

- Civil code (1998)
- Land code (2001)
- The law "On state registration of property rights" (1999)
- Law "On management of multi-apartment building" (2002)
- Law "On Condominium" (2002)
- Law "On Local Self-Government" (2002)
- Law "On Local Self-Government in Yerevan" (2008)
- Tax Code (2016)
- Law "On Energy Saving and Renewable Energy" (2004)

## 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**

# TECHNICAL BARRIERS

- **Poor technical condition of the housing stock**

*Existence of occupied buildings with various degrees of damage*

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