Current trends in the development of housing and land management in the Republic of Uzbekistan
Brief overview of housing and land management of the Republic of Uzbekistan

- Housing policy of Uzbekistan
- Land reform
- Concept of urbanization of the Republic of Uzbekistan 2030

Recommendations provided by the UN ECE in the National Review on Housing and Land Management

Constraining factors in the development of housing and land relations

Priority areas that need to be paid attention in conducting the “National Review” on housing and land management in Uzbekistan
Provided guarantees and compensation for loans to contractors from the Entrepreneurship Development Fund. Currently, 26.2 million USD in guarantees and 11.5 million USD compensation have been provided.

A separate trading section for the sale of metal and cement products has been created on the Uzbekistan Commodity Exchange. On average, 59.1 thousand tons of metal and 36.4 thousand tons of cement were sold at 27% below market price.

Financial resources are allocated from the state budget. 1.23 billion USD has been allocated for 2020-2022.

Subsidies for mortgage loans are provided from the state budget to citizens with low incomes. In 2020-2022, 28.3 thousand citizens received subsidies totaling 99 million USD.
## The order of providing subsidies and mortgage loans

### Old selection order

#### AREA AND COST OF HOUSING
- **Specified housing area:**
  - 2-room apartment: 40-44 sq.m., 3-room apartment: 50-54 sq.m.
- **Specified housing cost for 2020:**
  - 2-room apartment: 166 million sum, 3-room apartment: 204 million sum.

**Standard housing project.**

### New selection order

- **The area and cost of housing are not specified.**
- However, there is a limited amount established for mortgage loans for apartments (327.25 million sum for Karakalpakstan and regions, 416.5 million sum for Tashkent).
- Part of the housing not covered by the loan must be paid for by the debtor's own funds.

**The standard housing project is not specified.**

### PROVIDING MORTGAGE LOAN TO CITIZENS

- **The citizens are selected by commissions of local government bodies.** Apartments are assigned to the selected citizens, whose construction has not yet begun, and mortgage agreements are signed with the corresponding banks.
- The citizen is not entitled to choose the location of the house and apartment.

### TERMS OF MORTGAGE LOAN

- **Loan term:** 20 years, grace period: 2 years, down payment: 10%
- **Interest rate:** first 5 years: 7%, remaining 15 years: 16%
- The mortgage loan amount is allocated to the customer depending on the volume of construction work performed.

### SUBSIDIES PAYMENT

- **Subsidies for the house purchase were not paid.**

### PREFERENCES

- **Contracting companies** were provided with benefits on all mandatory payments (taxes), as well as permission to purchase construction materials in preferential terms.

### When purchasing an apartment:

- **Subsidies to cover part of the down payment:** a fixed amount of 32 million sums, subsidies to cover part of interest payments - will be paid for the part exceeding 10 percentage points during the first five years. For certain categories of persons, the down payment for a mortgage loan is paid from the state budget.

### For housing construction, the Fund provides guarantees of up to 50% of the loan amount, but not more than 2.5 billion sums.** To cover part of the interest rate exceeding the main rate of the Central Bank, but not more than 30% of the main rate, compensation is provided for the entire term of the loan, but not more than 24 months from the date of receipt of the loan.
MEASURES TAKEN TO PROVIDE THE POPULATION WITH HOUSING FOR 2022-2023

PLANNED INDICATORS

As part of the program, begin the construction of more than 3.4 thousand apartment buildings with a total number of 132.4 thousand apartments, of which:

I Arrays “NEW UZBEKISTAN”

Start construction of 37 arrays with all necessary social and engineering infrastructure

- Construction 1484 apartment buildings (53,6 thousand apartments)
- 27.4 km roads, 275.2 km drinking water and sewerage, 200.4 km heating systems, 176.8 km electricity, 46.8 km gas pipeline allocated
- 60.5 mln. US dollars

II Within mortgage program

Start construction of 1,963 housing units for 78.8 thousand apartments in 545 high-demand areas

- 41 schools, 49 kindergartens, 31 medical institutions

REACHED INDICATORS

The construction of the 38 arrays with all necessary engineering infrastructure has begun

- Construction of 1,420 apartment buildings with 48.3 thousand apartments has been completed
- 41 schools, 49 kindergartens, 31 medical institutions
- For construction roads drinking water and sewerage, heating systems, gas pipeline and electricity allocated 53 mln. US dollars

II Within mortgage program

Construction of 1,850 apartment buildings with 74 thousand apartments in 545 areas has been completed

- 3,4 thousand apartment buildings with 127,3 thousand apartments

III Compensation and guarantee

For 286 loans to housing developers, 4.2 million US dollars of guarantees and compensation were provided by the state

IV Renovation

Renovation of 247 apartment buildings with 3.7 thousand apartments was carried out
In 2021, the Law “On the Privatization of Non-Agricultural Land Plots” was adopted, thereby introducing the institution of private ownership of non-agricultural land plots, increasing the growth of the real estate market, as well as the investment attractiveness of the country, and providing additional guarantees of ownership of land plots. The provisions of this Law provide for:

- Privatization of land plots provided to citizens for entrepreneurship and urban planning activities
- Online purchase of land plots with private ownership rights through an auction.
- Privatization of land plots with state-owned real estate located on them as a single complex
- Implementation of IT system for privatization of land plots
- Exclusion of investment obligations imposed on land owners
- Nationalization of land is being replaced by redemption (buyback) by the state for public needs
- Making adjustments to the powers of the Cabinet of Ministers of the Republic of Uzbekistan, local government bodies, the Cadastre Agency and the State Assets Agency

LAND REFORM
The powers of local government authorities are excluded in terms of:

- direct allocation of land plots
- establishing, recognizing, changing, canceling rights to land plots
- implementing investment obligations

Vacant land plots are provided through an online auction on the basis of ownership or lease.
In cases where land plots are put up on the right:
- private ownership (the state assets department determines an independent appraisal company to assess the market value of the land);
- rent (tax authorities determine the minimum starting cost of a land plot)

Proposal documents are placed in "YERELEKTRON" IT system

Interdepartmental coordination of proposals made for land plots in terms of compliance with the requirements of urban planning, ecology, infrastructure, cultural heritage, fire and road safety.

Local authorities (khakimiyat) determine the type of rights to land plots put up for auction

Putting vacant land plots up for auction trade

Based on the results of the auction, registration of rights to land plots

Consideration of offers for land plots for participation in the auction and its completion takes from 11-18 days
CONCEPT OF URBANIZATION DEVELOPMENT IN THE REPUBLIC OF UZBEKISTAN UNTIL 2030

Current state urbanization processes

- Number of urban settlements:
  - Cities: 120
  - Small cities: 1,067

- Change in the number of cities (units):
  - The largest: 17.3 min
  - Big: 17.9 min
  - Average: 130

- Urbanization level: 50.8%
  - Cities: 80
  - Small cities: 22

- The boundaries of agglomerations will be determined and improved

- Lack of clear directions for medium- and long-term development regulating urbanization processes

- The "level of urbanization", which shows the socio-economic development of the country in the international arena, remains low.

- Weak competition and a large gap between cities.

- Percentage of green areas in cities: 8.3%
  - Small cities: 30%
  - Cities: 1050

- POPULATION
  - Houses built per year: 45,1 thousand
  - Living space per capita: 18 (sq.m)
  - Providing city residents with the most necessary infrastructure (in percent):
    - Drinking water: 69.7%
    - Sewerage: 17.6%
    - Population density in cities: 3.2 thousand/m²
    - Public transport coverage: 65%

- Dependence of the degree of urbanization on the specialization of regions

- Using the green belt to limit the expansion of the city

- Simplified procedure for developing master plans will be introduced

Οжидаемые результаты от реализации концепции

- Number of urban settlements:
  - Cities: 137
  - Small cities: 1,050

- Change in the number of cities (units):
  - The largest: 16.5 min
  - Big: 24.8 min
  - Average: 110

- Urbanization level: 60%
  - Cities: 130
  - Small cities: 22

- The "City livability index" will be developed

- The boundaries of agglomerations will be determined and improved

- Lack of clear directions for medium- and long-term development regulating urbanization processes

- The "level of urbanization", which shows the socio-economic development of the country in the international arena, remains low.

- Weak competition and a large gap between cities.

- Percentage of green areas in cities: 30%
  - Small cities: 120
  - Cities: 1050

- POPULATION
  - Houses built per year: 15 thousand
  - Living space per capita: 21 (sq.m)
  - Providing city residents with the most necessary infrastructure (in percent):
    - Drinking water: 87%
    - Sewerage: 26%
    - Population density in cities: 4.3 thousand/m²
    - Public transport coverage: 95%

- "City livability index" will be developed

- Using the green belt to limit the expansion of the city

- Simplified procedure for developing master plans will be introduced
Recommendations provided by UNECE in Country Profiles on Housing and Land Management of Uzbekistan

- Satisfy housing demand of population groups with different income levels
  - Expand the range of possible forms of ownership and use of residential premises, particularly in rural areas.
  - Regulate and support the activities of non-profit organizations that lease housing stock to the state.

- Increasing the quality of housing and communal services
  - Continue reforms in the water supply and sewerage disposal.
  - Complete the transition to instrumented metering of electricity consumption and use tools that encourage energy saving.
  - Protect low-income population from increases in utility rates through subsidies.

- Decentralization of management, involvement of parties and active participation of the population
  - Involvement of regional and local administrations in particular the formation of local housing policy.
  - Improve the system of interaction between various structures involved in designing territorial development.
  - Strengthen the role of the population, whose participation is essential in policy development.

- Preparation of a long-term strategy for the development of the housing sector
  - Giving housing policy priority status and developing a long-term strategy for the development of the housing sector.
  - To differentiate the powers of central and regional authorities in terms of implementing specific housing programs and to increase the role of local authorities in the implementation of housing policy.

- Separation of powers in the housing sector
  - Harmonization of legislation for a clearer delineation of relevant ministries and agencies’ powers.
  - Expansion and specification of the powers of the Ministry of Construction and Housing and Communal services in the field of housing policy.

- Collection and provision of reliable statistical data for decision-making in the housing and land sectors
  - Strengthening the system of statistical indicators to analyze the housing and public services sectors, and to inform key policy-making processes in housing, construction and land use at the national and local levels.
  - Creation of a list of indicators of sustainable urban development and monitoring of their values in relation to Tashkent and other large cities of Uzbekistan.

- Development of a management system for multi-apartment housing fund
  - Providing support to condominium ownership through government programs and training.
  - Adoption of a state program for training and developing the potential of managers of apartment buildings and service organizations.
  - Development of professional standards for the management and maintenance of apartment buildings, taking into account international experience.
RECOMMENDATIONS PROVIDED BY UNECE IN COUNTRY PROFILES ON HOUSING AND LAND MANAGEMENT OF UZBEKISTAN

1. **Diversification of the State program for the construction of standard houses in rural areas**
   - Continuation (conducting) of the State program for the construction of individual residential buildings according to standard designs.
   - Coordinate the selection of the location of new residential areas with changes to the master plans of existing settlements.
   - Allocate plots to individual developers with above-average incomes.

2. **Environmental issues in urban planning**
   - Maintaining green infrastructures within cities based on a sustainable approach.
   - Place greater emphasis on climate resilience and taking advantage of local climate conditions.
   - Carry out rehabilitation of existing veins. fund in combination with improvements to public spaces and other facilities.

3. **Development of complex infrastructure and its calculation in the development of urban planning documents**
   - Conduct state monitoring of real costs of connecting to engineering infrastructure, as well as costs of social infrastructure.
   - create a common interregional database to track the real costs and expenses of the state based on the conclusion by local authorities of agreements with investors on engineering and social infrastructure.

4. **Improving urban planning for the development of Tashkent**
   - Limitation of individual development. Instead, we should move to development of two- or three-story houses.
   - Pedestrian accessibility and compactness of the urban environment as guidelines for urban planning strategy.
   - Development of public transport infrastructure.
   - Strategy for the placement of green spaces and the multifunctionality of green zones.

5. **Revision of land and property law**
   - Introducing changes to the legal framework in order to allow new forms of land tenure.
   - Providing ownership rights to land plots.
   - Unification of types of ownership rights to land and buildings/structures (by reducing the number of their types)

6. **Creation of a unified cadastre database as well as strengthening the potential of Cadastre agency**
   - Development of a unified and integrated registration and cadastre database.
   - Human Resources and Organizational Capacity – Ensure that employees have the necessary skills and knowledge to operate the organization successfully in the future.
   - Financial capabilities - covering expenses with income, as well as financing future upgrades of the IT infrastructure or introducing new services.

7. **Ensuring a stable influx of long-term investments for the development of the housing sector**
   - Attracting investors for the construction of new housing, reconstruction and repair of existing housing stock.
   - Supporting the development of the microfinance services sector to ensure access to borrowed funds to improve housing conditions.
   - Increasing the literacy of staff of credit institutions, especially mortgage loan officers.

**Country Profiles on Housing and Land Management**

**UNECE**
### MEASURES TAKEN UNDER THE UNECE RECOMMENDATIONS PROVIDED

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<th>Development of a long-term strategy for the development of the housing sector</th>
<th>Separation of powers in the housing sector</th>
<th>Development of a management system for multi-storey housing stock</th>
<th>Decentralization of management, involvement of parties and active participation of the population</th>
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<td>The strategy “Uzbekistan-2030” was approved, providing for: Construction of residential buildings with 1 million building apartments, increasing the number of “New Uzbekistan” arrays to 200 thousand families, construction of additional housing for more than 140 thousand families. Development of renovation programs based on the opinion of the general public, construction of multi-storey houses in densely populated areas based on the principle of “vertical development”.</td>
<td>Powers in the housing sector are distributed: Ministry of Construction and Housing and Communal Services - improving and organizing the effective operation of the management system for apartment buildings, ensuring control over the operation of the housing stock. Ministry of economy and finance - development and implementation of a unified state policy for the development of cities and the housing construction market in the regions.</td>
<td>To strengthen interaction between governing bodies and owners, ensure quality service to the population and services provided, as well as attract management bodies with the necessary qualifications, skills and material and technical base to the sphere, the Law “On the Management of Apartment Buildings” and a number of regulatory legal acts were adopted.</td>
<td>Data on housing construction are generated through applications submitted by the population to local authorities for social housing. At the same time, the legislation gives the right to the Council of Ministers of the Republic of Karakalpakstan, regional khakimiyats and the khakimiyat of Tashkent to increase the number of mortgage loans and subsidies at the expense of the overfulfilled portion of local budget revenues.</td>
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### Improving urban planning for the development of Tashkent

A master plan for Tashkent until 2045 has been developed

It is planned to develop two large centers in the city - the existing center and the city of “New Tashkent”. The developers of the general plan project pay special attention to the ecology of the capital, transport interchange and compact development of the city. Reconstruction, renovation and conservation are also planned (green areas and embankments are planned only to be landscaped and not built up).

### Revision of land and property law

The Law “On the privatization of non-agricultural land plots” was adopted. Privatization of non-agricultural plots is permitted. A number of powers regarding land relations have been transferred to local government agencies. Types of land rights have been reduced from 6 to 3 (private ownership, lease and permanent use). Also the Law “On procedures for the seizure of land plots for public needs with compensation” was adopted, ensuring stability in property and legal relations and guaranteeing land owners the protection of property rights. By law, issues of seizure of land plots for public needs in exchange for compensation are now regulated by a single law of direct action.

### Creation of a unified cadastral database as well as strengthening the potential of Cadastre agency

An integrated information system “UZKAD” for registering cadastres and real estate has been created. This system maintains a register of rights to real estate objects and data on real estate objects. The system will also provide a state guarantee of the accuracy and reliability of the data. “UZKAD” is integrated and also carries out online data exchange in real time with such IT systems as: “Pledge Register”, “Notary”, “State Property” and others. According to the Decree of the President of the Republic of Uzbekistan No. PF-269, the organizational subordination of the cadastral agency under the State Tax Committee was changed and transferred to the subordination of the Ministry of Economy and Finance. The financial capabilities of the agency have been strengthened through the provision of government services in the cadastral area.

### Increasing the quality of housing and communal services

The consistent implementation of structural reforms in accordance with the established solid regulatory and legal framework has made it possible to provide a fundamentally new system for managing the housing stock and its operation. To increase the level of provision of the population with utility services, measures are being taken to develop and modernize water supply, sewerage and heat supply systems by directing state centralized capital investments and attracting foreign investments provided by international financial organizations.
The subsidy does not reach low-income households (less than 2.5 million sums).

**Limited loan amount**

The high cost of housing built by contractors using loans with high interest rates (24-27%).

A small number of construction contractors with sufficient capital.

The end of subsidies provided to cover part of the interest on a mortgage loan after 5 years increases the monthly loan payment several times.

High margins for banks when issuing mortgage loans.
Individual entrepreneurs do not have the right to privatize land plots provided to them for business activities.

There is no provision for privatization of land plots provided to participants in small industrial zones.

Lack of tax incentives for citizens and legal entities to privatize land plots.

Relatively wide list of cases of seizure of land for public needs, which requires revision.

Lack of mechanism for recognizing rights to land plots and real estate located on them.

Lack of interest of local authorities in putting up vacant land plots for auction trade on the right of private ownership.

Lack of a "Classifier of types of permitted use" of land plots and rules for its application.
Areas required for study within the framework of the new “COUNTRY PROFILES” on Housing and Land Management

- Development of urban planning documentation
- Introducing market of rights to land plots
- Recognition of the rights of unauthorized occupied land plots or illegally constructed buildings and structures
- Creation of a single body to coordinate and control the rental of municipal housing
- Supporting the development of the mortgage lending market

Incomplete (insufficient) level of coverage of settlements and territories with approved master plans and detailed planning projects (95% for cities, 16% for other settlements), which in turn slows down the planned development of regions in accordance with urban planning standards and the current state of urbanization in the regions.

There is no possibility for owners of a land plot with the right to lease to transfer, exchange, inherit or pledge the right to lease a land plot as collateral. Considering that more than 90% of land plots are sold on a leasehold basis, the need to create a secondary purchase and sale market becomes extremely urgent, which in turn will create a mechanism for the market valuation of this right.

As part of the inventory carried out across the republic, more than 2.7 million illegally seized or illegally constructed real estate properties were identified. The bulk of these objects were formed more than 5-10 years ago. The lack of rights to these objects slows down the process of privatization of non-agricultural land plots, as well as other transactions (donation, sale, pledge, etc.) related to these objects.

There is no single regulatory body coordinating the rental of municipal housing to low-income families. Each regional khakimiyat, at its own discretion, provides for rent municipal housing available on its balance sheet. Also, the number of apartments available on the balance sheet of khakimiyats is no more than 10,000 apartments, which in turn requires the creation of a separate approach to coordination and financing of this area by a centralized body.

It is necessary to provide tax benefits for the amount of mortgage loans for a certain period. It is also advisable to exempt from tax on bank profits derived from investing in housing construction, as well as in construction enterprises. Exempt individuals from income tax for part of their income allocated to repay mortgage loans.
Thank you for attention