

FORUM BANDAR SEDUNIA



KUALA LUMPUR • 7-13 FEB 2018



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URBAN AGENDA

# THE MANAGEMENT OF MULTI-APARTMENT HIGH RISE HOUSING STOCK: LOCALIZING THE SDG11 AND THE NUA THROUGH HOUSING STRATEGIES IN COUNTRIES UNDERGOING ECONOMIC TRANSITION

*Reviewing the Experience of Armenia: the challenges and opportunities in the  
high-rise multi-family housing*

Sunday, 11 February 2018

11:00-14:00

Room 305

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# COUNTRY INFORMATION



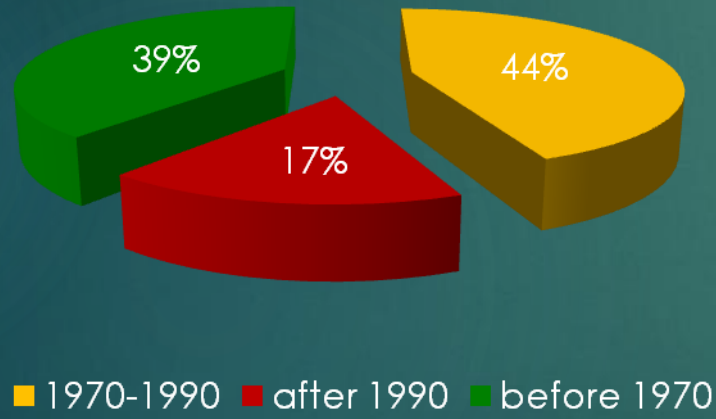
- Located in South Caucasus without access to seas
- Bordered by Georgia, Azerbaijan, Turkey and Iran
- Sovereign, democratic, social state with a parliamentary system of government (amendments to RA Constitution adopted by referendum held on 6 December 2015)
- Population: 2,984,000 people (65% urban population)
- The country is divided into 10 marzes (provinces) and ~500 communities
- Capital is Yerevan
- Area: 29.800 km<sup>2</sup>
- Most of the territory of the country is the highland with mountains
- Agricultural land accounts for 68.9% of land area, forest land – 11.2%

# HOUSING STOCK OF RA

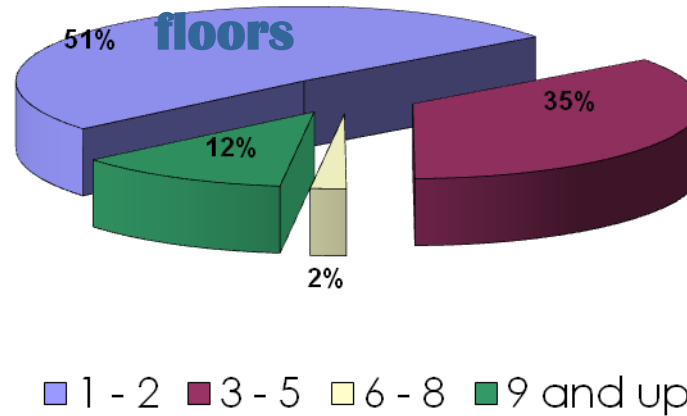
- ❑ Housing stock – 93.09 million m<sup>2</sup> (as of 01.01.2017) including:
  - Multi-apartment housing stock – 27.6 million m<sup>2</sup> (18917 buildings, 441 600 apartments), of which in urban areas - 25.9 million m<sup>2</sup> or 94%
  - Individual housing stock – 65.49 million m<sup>2</sup> (393600 buildings)
- ❑ The housing stock of Yerevan - 15.2 million m<sup>2</sup> (4800 buildings, 232000 apartments) or 54.3% of multi-apartment housing stock's total area
- ❑ Average housing provision - 31.4 m<sup>2</sup>/person

# DESCRIPTION OF MULTI-APARTMENT HOUSING STOCK

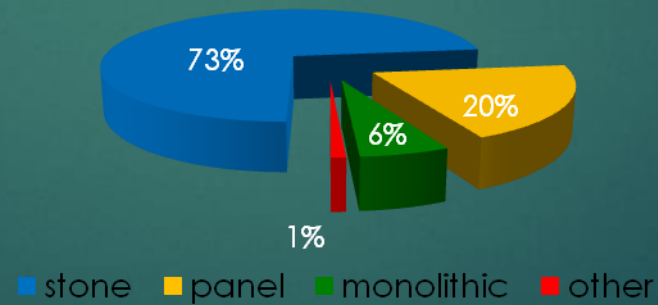
## Construction by years



## By number of floors



## By construction of walls



# 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 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, as a result, a new institutional environment has emerged in the housing sector, with the predominance of private property (99% of the MABs are located in private ownership).

The process of forming MAB management bodies began in 1995. As of 01/01/2017, out of 12,106 multi-apartment buildings in 48 cities of the Republic of Armenia:

- 8026 buildings (or 66.3%) are managed by management bodies established by homeowners, mainly condominiums. At the same time, in Yerevan management bodies manage 4750 buildings from the existing 4824 buildings (or 98.5%)

- in 4080 buildings (or 33.7%) located in 34 cities (out of 48 cities) there are no established management bodies and corresponding management powers should be performed by the heads of communities, in accordance with the procedure approved by law.

## Technical Assistance Programs:

- During the last years, a number of projects have been implemented and / or are being implemented by international donor organizations, mostly focused on improving the energy efficiency of buildings, e.g.
  - UNDP / Global Environmental Fund
  - UNDP/Green Climate Fund
  - Habitat for Humanity Armenia
  - French Development Agency
  - Asian Development Bank (study on elevators)
- However, there are still many issues in the field to be done.

**Outlined problems in multi-apartment buildings  
management sector**

**Technical problems**

**Institutional problems**



# TECHNICAL PROBLEMS

- **TECHNICAL POOR CONDITION OF THE HOUSING STOCK**
- ❖ Existence of buildings with various degrees of damage
  - 3rd degree (subject to restoration and strengthening):  
450 buildings (mainly concentrated in Yerevan, Gyumri and Vanadzor),
  - 4th degree (subject to demolition): 47 buildings
- ❖ The remaining buildings need a major repair, in particular
  - Roofs - 70%
  - Basements - 50%
  - Entrances - 66%
  - Stairwells - 31%
  - Water & sewer networks - 60%
- Absence of reliable information on the technical condition of buildings, particularly
  - absence of technical condition surveys (once every 10 years) and as a result the absence of passportization of buildings

# INSTITUTIONAL PROBLEMS - 1

- ❑ Certain imperfection of the legislative field
  - Absence of a clear delineation of the rights and obligations of all stakeholders (including state and community) 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
- ❑ 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

# INSTITUTIONAL PROBLEMS - 2

- ❑ Unsatisfactory level of development of services market for building maintenance
- ❑ 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
  - Existence of closed apartments
- ❑ Absence of coordinated support mechanisms for the rehabilitation and improvement of the common shared property of multi-apartment buildings (including with the use of energy efficiency measures)
- ❑ Absence of an effective system of financing works directed to the maintenance and operation of MABs

# OUTLINED PROBLEMS, SOLUTIONS, BOTTLENECKS, LESSONS LEARNED - 1

##	The Problem	Implemented solutions	Bottlenecks	Lessons learned
1	Low level of maintenance fees and collection rates	Leasing of non-residential premises belonging to the condominiums on the right of ownership and to the building owners on the right of common shared ownership	<ul style="list-style-type: none"> <li>- Cost ineffectiveness for adjusting lease fees</li> <li>- Sometimes difficult accessibility to non-residential areas in the neighborhood</li> </ul>	Inclusion of the improved approach into housing stock conservation programs funded by the state, communities and donors
		Installation of cellular phone antenna on the roof, with payments for authorization	Expressing dissatisfaction by some residents about the potential negative impact on health	It is widely used especially by management bodies that deal with one building

# OUTLINED PROBLEMS, SOLUTIONS, BOTTLENECKS, LESSONS LEARNED - 2

##	The Problem	Implemented solutions	Bottlenecks	Lessons learned
1	Low level of maintenance fees and collection rates	Installation of an outdoor/indoor commercial billboards in the common shared property of the building, with payments for authorization	Uncertainty about the authority of the local self-governing and building management body on this issue (for outdoor billboards)	<ul style="list-style-type: none"> <li>- Can be widely used for additional revenues</li> <li>- It needs to be regulated</li> </ul>
		Imposing sanctions on non-payers through court	Time consuming and costly process (for example, 15 documents are required)	There is a need for simplification of procedures



# OUTLINED PROBLEMS, SOLUTIONS, BOTTLENECKS, LESSONS LEARNED - 3

##	The Problem	Implemented solutions	Bottlenecks	Lessons learned
2	Poor technical condition of housing stock	By making lump-sum payments by owners for repair and thermal insulation of separate items of the common shared property (for example; roofs, hollows, exterior walls, entrances, staircases, sewerage/water mains, elevators) of a multi-apartment building	<ul style="list-style-type: none"><li>- The building is not considered entirely in terms of improvement, which does not contribute to finding effective solutions</li><li>- Certain imperfection associated with the assessment and recording of lump-sum payments made by the owners</li><li>- Not all owners participate in lump-sum payments (for example; for roofs)</li></ul>	<ul style="list-style-type: none"><li>- Not applicable for large-scale works</li><li>- Gained expertise of technical solutions to the occurring accidents</li></ul>

# OUTLINED PROBLEMS, SOLUTIONS, BOTTLENECKS, LESSONS LEARNED - 4

##	The Problem	Implemented solutions	Bottlenecks	Lessons learned
2	Poor technical condition of housing stock	Funding from state and community budgets for the repair of separate items of the common shared property (particularly roofs, entrances, lifts, engineering inner networks, balconies) of multi-apartment buildings	<ul style="list-style-type: none"> <li>- Formation of disincentives by owners because of a lack of financial involvement in these works</li> <li>- Lack of systemic/comprehensive approach towards the repair of the building</li> <li>- Sustainability issues (for example, currently state budget and many community budgets have difficulties to continue this support, exceptions are only Yerevan, Gyumri, Vanadzor municipalities)</li> </ul>	<ul style="list-style-type: none"> <li>- There should be mandatory participation of owners in building improvements</li> <li>- Energy efficiency and seismic resistance enhancement activities should be included in building improvements projects</li> </ul>

## Works underway for solving institutional and technical issues - 1

- Improvement of legislative framework for management of multi-apartment building (the new draft law is in elaboration process)
- Development of directions and principles for the introduction of coordinated state support mechanisms (including Public-Private partnership ) aimed at reconstruction, renovation (including energy saving and energy efficiency improvement) of the common shared property of multi-apartment buildings (included in the Government Action Plan for 2018)
- According to the RA Strategy for improvement of seismic stability of buildings and structures (2017-2025) adopted by the RA Government,
  - Development of passport making procedure for buildings/structures under construction and existing buildings/structures, including the template of the building passport and the model of a unified information system based on the data contained in the passports (2018-2019)
  - Introduction of a computer program based on baseline data (2019-2021)

## Works underway for solving institutional and technical issues - 1

- Development of standards for maintenance and operation of multi-apartment buildings
- Implementation of activities aimed at market formation of real estate professional managers, preparation of training courses
- Creation of preconditions for the possibility of creating a fund to support the reconstruction and renovation of the common shared property of multi-apartment buildings

# CHALLENGES

- Non-sufficient capacity of different institutions (e.g. ministries/agencies, governor's offices, municipalities, property development and management entities, design institutes, construction companies etc.)
- Non-clarity regarding financing and international support
- The possible increase of maintenance fees will have socio-political limitations
- Possibly strengthening of protectionist policy towards homeowners and returning to the management of MABs through state or community organizations



THANKS FOR YOUR ATTENTION!



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