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

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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 km²
- 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 m² (as of 01.01.2017) including:
  - Multi-apartment housing stock – 27.6 million m² (18917 buildings, 441600 apartments), of which in urban areas - 25.9 million m² or 94%
  - Individual housing stock – 65.49 million m² (393600 buildings)

- The housing stock of Yerevan - 15.2 million m² (4800 buildings, 232000 apartments) or 54.3% of multi-apartment housing stock’s total area

- Average housing provision - 31.4 m²/person
DESCRIPTION OF MULTI-APARTMENT HOUSING STOCK

By number of floors:
- 1 - 2: 51%
- 3 - 5: 35%
- 6 - 8: 12%
- 9 and up: 2%

Construction by years:
- 1970-1990: 39%
- after 1990: 17%
- before 1970: 44%

By construction of walls:
- stone: 73%
- panel: 20%
- monolithic: 6%
- other: 1%
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)
- Tax Code (2016)
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
## The Problem

1. Low level of maintenance fees and collection rates

## Implemented solutions

- 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

## Bottlenecks

- Cost ineffectiveness for adjusting lease fees
- Sometimes difficult accessibility to non-residential areas in the neighborhood

## Lessons learned

- Inclusion of the improved approach into housing stock conservation programs funded by the state, communities, and donors

## Additional notes

- 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

<table>
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<tr>
<th>##</th>
<th>The Problem</th>
<th>Implemented solutions</th>
<th>Bottlenecks</th>
<th>Lessons learned</th>
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<tbody>
<tr>
<td>1</td>
<td>Low level of maintenance fees and collection rates</td>
<td>Installation of an outdoor/indoor commercial billboards in the common shared property of the building, with payments for authorization</td>
<td>Uncertainty about the authority of the local self-governing and building management body on this issue (for outdoor billboards)</td>
<td>- Can be widely used for additional revenues - It needs to be regulated</td>
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<td>Imposing sanctions on non-payers through court</td>
<td>Time consuming and costly process (for example, 15 documents are required)</td>
<td>There is a need for simplification of procedures</td>
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| 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 | - The building is not considered entirely in terms of improvement, which does not contribute to finding effective solutions  
- Certain imperfection associated with the assessment and recording of lump-sum payments made by the owners  
- Not all owners participate in lump-sum payments (for example; for roofs)                                                                 | - Not applicable for large-scale works  
- Gained expertise of technical solutions to the occurring accidents                                                                 |
## OUTLINED PROBLEMS, SOLUTIONS, BOTTLENECKS, LESSONS LEARNED - 4

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| 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 | - Formation of disincentives by owners because of a lack of financial involvement in these works  
- Lack of systemic/comprehensive approach towards the repair of the building  
- Sustainability issues (for example, currently state budget and many community budgets have difficulties to continue this support, exceptions are only Yerevan, Gyumri, Vanadzor municipalities) | - There should be mandatory participation of owners in building improvements  
- Energy efficiency and seismic resistance enhancement activities should be included in building improvements projects |
Works underway for solving institutional and technical issues

- 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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