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SEMINAR ON HOUSING CONDOMINIUMS AND HOUSING ASSOCIATIONS
IN THE FRAMEWORK OF THE HOUSING AND MUNICIPAL SERVICE REFORM

Report prepared by the delegation of the Russian Federation

Introduction

1. The Seminar on housing condominiums and housing associations took place in Moscow (Russian Federation) from 22 to 24 July 1999. It was organized by the State Committee of the Russian Federation for Construction, Architectural and Housing Policy (Gosstroy) in consultation with the Housing and Urban Management Advisory Network of the ECE Committee on Human Settlements and the ECE secretariat.
2. Representatives of the following countries participated: Austria, Belarus, Denmark, Finland, Georgia, Germany, Norway, Poland, the Russian Federation, Slovakia, Spain, Switzerland, Ukraine and the United Kingdom. More than 250 participants attended the Seminar, mainly representatives of regional and local authorities, non-governmental organizations and agencies from the Russian Federation. A representative of the ECE secretariat also participated.
3. A representative of the International Cooperative Alliance (ICA) participated.
4. Mr. A. Starovoytov, Chairman of the organizing committee, opened the Seminar.

5. Mr. S. Kruglik, Acting Chairman of the Gosstroy, delivered a welcome address and outlined the development of housing condominiums and housing associations in the Russian Federation.

6. Mr. J. Zetter (United Kingdom), Chairman of the ECE Committee on Human Settlements, made an introductory statement. He outlined the main activities of the ECE Committee on Human Settlements related to the topic of the Seminar.

7. Mr. G. Vinogradov, of the ECE secretariat, delivered an address on behalf of its Executive Secretary, Mr. Y. Berthelot.

8. Key-note reports were delivered by Mr. S. Kruglik: Housing policy as the basis of housing and municipal service reform; Mr. G. Gundersen (Norway): Comprehensive housing policy and institutional structure; and Mr. H. Pfeiffer (Austria): Necessary framework for successful housing policy.

9. More than 30 reports were presented by the participants. A team of international experts provided international experience on housing condominium development and conducted informal round-table discussions. On the basis of these reports and discussions the following conclusions and recommendations were drawn up.

CONCLUSIONS AND RECOMMENDATIONS

10. Solving socio-economic, legal and organizational issues related to the organization and operation of condominiums and housing associations in the Russian Federation and other countries of the Commonwealth of Independent States (CIS) is a prerequisite for further housing reforms, including the formation of the institution of genuine homeowners, efficient real-estate management, the promotion of competition in housing and municipal services, and the reduction in budget expenditures for housing construction, maintenance and operation.

11. The reforms in the Russian Federation's housing sector started almost ten years ago when citizens were allowed to "privatize" their homes. As a result many tenants became homeowners and property relations in most multi-apartment housing estates changed.

12. With most people on low income, housing privatization was one of the main instrument for developing market relationship in the housing sector. It helped to develop a housing market and provided citizens with some capital in the form of their homes to solve their housing problems. At the same time, it provided conditions for reducing budget expenditures for servicing and maintaining the housing stock.

13. In west European market economies, the housing sector is characterized by a differentiated ownership structure. The most important forms of ownership are:

- Housing cooperatives for rental purposes and owner-occupation;
- Privately owned, multi-apartment housing for rental purposes;

- Non-profit housing associations, churches and trade unions that operate low-cost, rental housing;
- Owner-occupied flats in multi-apartment housing (condominiums) legally organized as homeowners' associations;
- Municipal low-cost, rental housing (social housing).

14. In the Russian Federation a legal basis for the formation of condominiums and the operation of housing associations has been established at the federal and regional levels. It provides for the further development of market relations in the housing sector. A federal law on housing associations has been adopted and put in force. Municipal and regional authorities adopt organizational, legal and economic measures to support housing associations.

15. Housing associations are also actively supported by many public organizations, which include members of the former housing-construction and housing cooperatives and the newly formed housing associations. Practical experience of the housing associations in exercising their legal rights is collected and evaluated.

16. However, despite the existence of a legal framework, the formation of condominiums and housing associations is a slow process. According to the State Committee on Statistics, on 1 January 1999 there were 3180 housing associations in the Russian Federation. Officially registered condominiums run by the housing associations represent less than 7 per cent of the total housing stock.

17. In most cities the formation of housing associations has not yet started. Housing associations are created mainly on the basis of the former housing and housing-construction cooperatives, as well as new housing-construction firms. To a lesser degree, housing associations are formed for the State-run and municipal housing stock. The existing situation does not allow the available reserves to be used fully to make housing sector management more efficient and to reduce expenses for its maintenance.

18. Practical experience with condominiums and housing associations shows that their mechanisms and legal provisions could be applied to other activities:

- Municipal services;
- Construction financed by several investors (future shareowners of the real estate);
- Local self-government;
- Industrial condominiums;
- Management of the real estate;
- Taxation of the real estate.

19. A number of obstacles hinder the efficient implementation of the legislation on the formation of condominiums and housing associations and their activities. For instance:

- Registration procedures are complicated and often beyond the possibilities of citizens wanting to set up a housing association;

- There is no financial or institutional mechanism for allocating grants from the budget (for housing maintenance, current and capital repair, municipal services, etc.) directly to the account of a housing association or a maintenance organization chosen by the housing association;
- The responsibilities of real property managers are not clearly defined;
- There are no provisions to regulate the rights of housing associations in regard to the use and management of non-residential premises or land within a condominium;
- Some city and regional authorities fail to understand the importance of housing associations. In some cases there is even direct opposition from bureaucratic bodies;
- There is no procedure to penalize homeowners in a condominium who fail to participate in its management;
- Low qualification of the staff responsible for forming and registering condominiums and housing associations, and professionals in administration and maintenance, and inadequate training;
- Inadequate information of the general public about positive experience with housing associations and advantages of self-governance; low involvement of the population in the formation and operation of housing associations.

20. The participants invited the Gosstroy to:

- (a) Study the whole package of normative acts issued at the federal level to regulate to activities of housing associations and the formation of condominiums and, on the basis of this analysis, prepare proposals for streamlining legal provisions to ensure effective housing management with due regard to the experience of west European countries;
- (b) Set up an expert group on the formation and activities of condominiums and housing associations under its methodological and organizational guidance. The group should include representatives of the federal executive authorities, Deputies of the Federal Assembly of the Russian Federation, representatives of homeowners' organizations, scientists, Russian and foreign experts;
- (c) Initiate work to revise and amend the legislative and other normative acts that regulate the activities of housing associations and the formation of condominiums. This would include the transfer of ownership rights for non-residential premises to the housing associations, the allocation of part of the rent paid to housing associations for the premises owned by a municipality in the condominium, and the transfer of ownership rights to the land to the housing associations;
- (d) Initiate new legislation: a law on housing cooperatives based on democratic self-governing principles; a law on non-profit housing associations for low-cost, rental housing; a law on rental housing, regulating the rights and obligations of owners and tenants;
- (e) Develop financial support mechanisms for the housing associations to put them on an equal footing with municipal housing;
- (f) Recommend the establishment of a system of contractual relations in the housing and municipal service sectors;
- (g) Set preferential conditions for housing associations for their use of housing and municipal services, and grant subsidies for such services

to the poorer households living in condominiums;

(h) Launch campaigns to make the population aware of the positive examples of housing association activities and the advantages of self-governance;

(i) Develop basic provisions for housing insurance that take social aspects into account;

(j) Disseminate information about organizations that help initiators to create condominiums and housing associations;

(k) Contribute to the development of mechanisms to facilitate registration procedures for condominiums and housing associations;

(l) Provide methodological assistance for the organization and development of training courses and programmes in housing management and disseminate positive experience;

(m) Set procedures and terms for certifying training programmes and accrediting organizations responsible for the training of real property managers and other professionals at the Gosstroy;

(n) Publish the proceedings of the Seminar and distribute them among the municipalities of the Russian Federation;

(o) Organize a joint international conference with the Executive Bureau of the United Nations Centre for Human Settlements (Habitat), the United Nations Economic Commission for Europe and interested countries to discuss housing sector reform and to set up specific projects to put the Seminar's recommendations into practice.

21. The participants also agreed to draw the attention of the regional executive authorities of the Russian Federation, local self-government bodies, enterprises and organizations in the housing and municipal sector to the need to intensify reform in this sector by further demonopolizing it and promoting competition, and by creating economic conditions that will help to speed up the formation and development of housing associations as well as other managerial forms in the housing sector.

22. They recommended that regional information centres in the Russian Federation should inform the population, through the mass media, about the activities of housing associations, especially: condominium formation principles; rights and possibilities of housing associations to influence the costs and the quality of services; independence of decisions on the management of condominium property, organization of housing estate operation and distribution of related funds; introduction of resource-saving and energy-efficient technologies in housing operation; and taxation of housing associations.

23. There is a need to make the formation of condominiums and housing associations more efficient. The regions and cities should prepare and implement comprehensive housing programmes with the participation of all the organizations concerned. It is also necessary to simplify or remove certain bureaucratic rules and administrative procedures related to the formation and operation of housing associations.

24. The participants invited the ECE Committee on Human Settlements to help call on the World Bank, the European Bank for Reconstruction and Development

and various national foundations to provide funding to an international project to set up centres on condominiums and housing associations in the Russian Federation to spread the European experience and that of countries of CIS in reforming the housing sector.

25. They also invited Habitat to consider, in cooperation with the ECE Committee on Human Settlements, the possibility of preparing and carrying out joint projects in the Russian Federation and in other countries of CIS to set up centres on condominiums and housing associations. Similar projects could be set up for land tenure, town planning and multi-purpose cadastres.

26. Finally, the participants stressed the topicality of the subjects considered at the Seminar and the reports. They expressed their appreciation to the invited experts and thanked the Russian and foreign organizers, the secretariat of the United Nations Economic Commission for Europe and the sponsors of the Seminar.