



Institute of Macroeconomic and Regional Studies under
the Cabinet of Ministers of the Republic of Uzbekistan

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

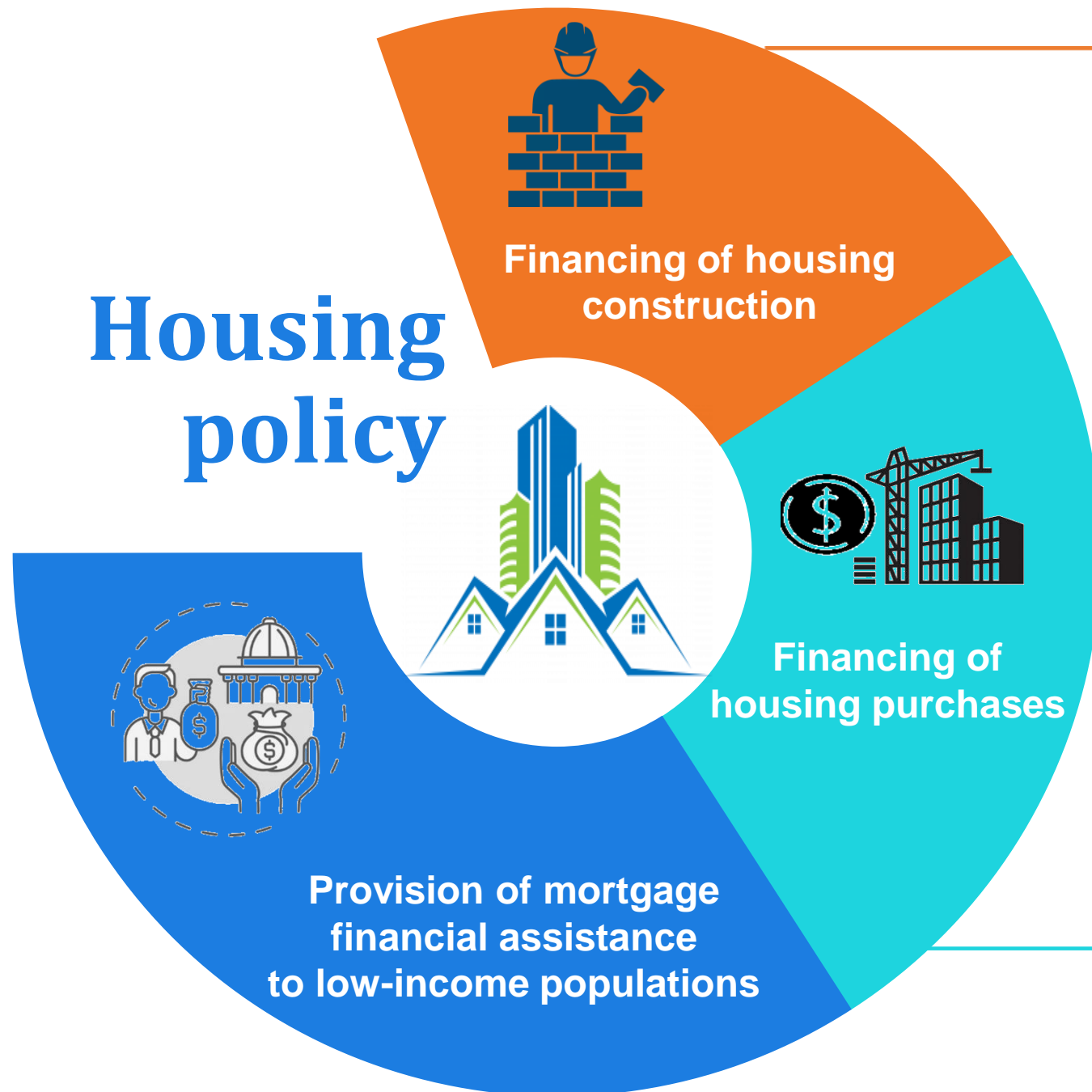
- Housing policy of Uzbekistan
- Land reform
- Concept of urbanization of the Republic of Uzbekistan 2030

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**.

Old selection order

New 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.

- **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.**

- **Mortgage loans are** provided with the right to independently choose the location **and area of housing.**
- **Citizens** who have received notification of the subsidy choose an apartment **at the place of their permanent registration.**

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.**

- Loan term - **20 years**, grace period **6 months**, down payment - **15%**
- Interest rate – based on **market conditions.** If the refinancing rate of the Central Bank is reduced, interest on mortgage loans will decrease proportionally, in case of an increase, the rates will remain unchanged.

SUBSIDIES PAYMENT

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

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.**

PREFERENCES

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

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.

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

45 schools, **55** kindergartens **35** medical institutions

II Within mortgage program

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



REACHED INDICATORS

I Arrays “NEW UZBEKISTAN”

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

TOTAL put into operation

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**

Implementation of **IT system** for privatization of land plots

Online purchase of land plots with private ownership rights through **an auction**.

Exclusion of investment obligations imposed on land owners

Privatization of land plots with state-owned real estate located on them as **a single complex**

Nationalization of land is being replaced by redemption (buyback) by the state for **public needs**

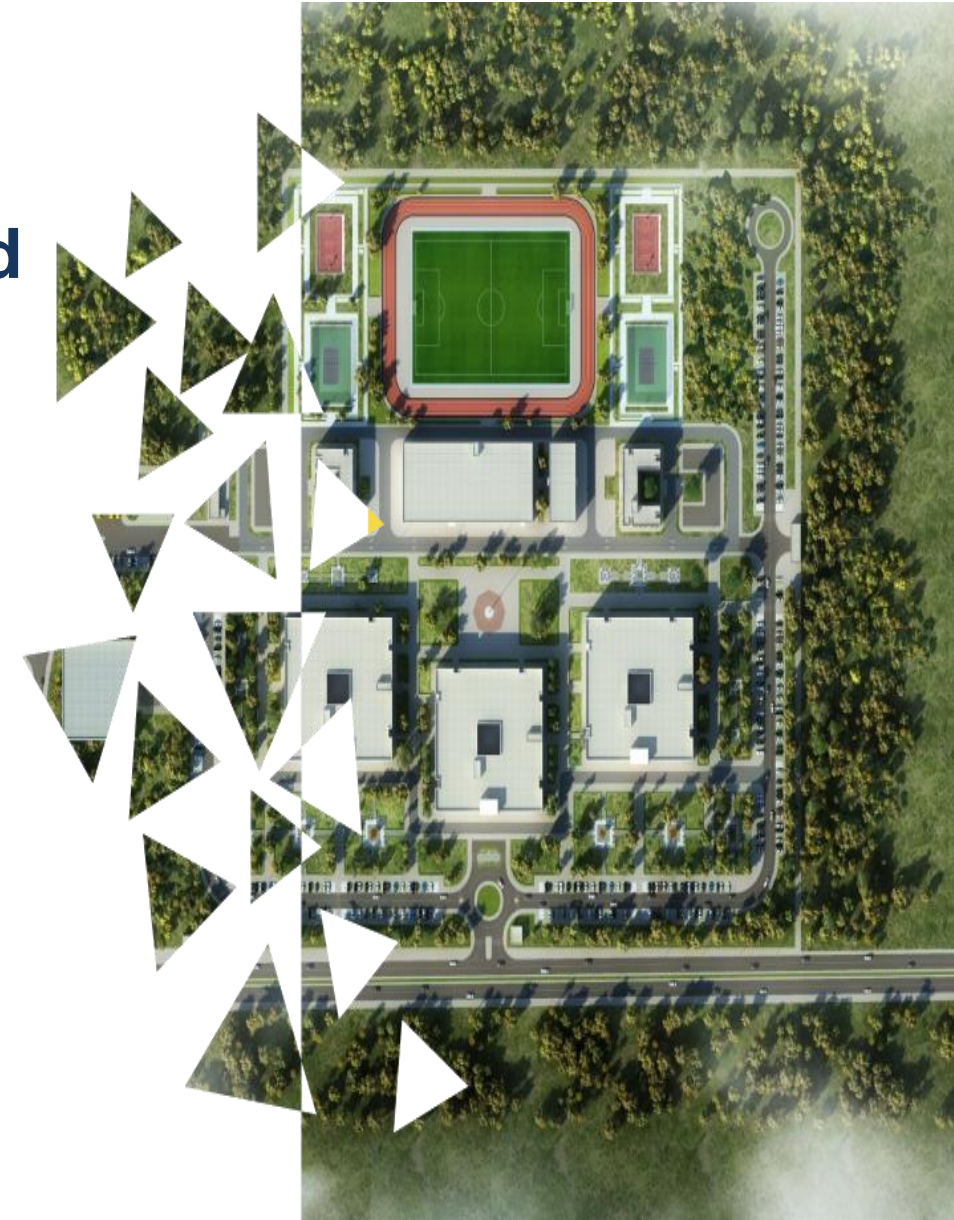
Privatization of land plots in territories where there are no approved **master plans for settlements**, provided that the intended purpose of the land plot is preserved

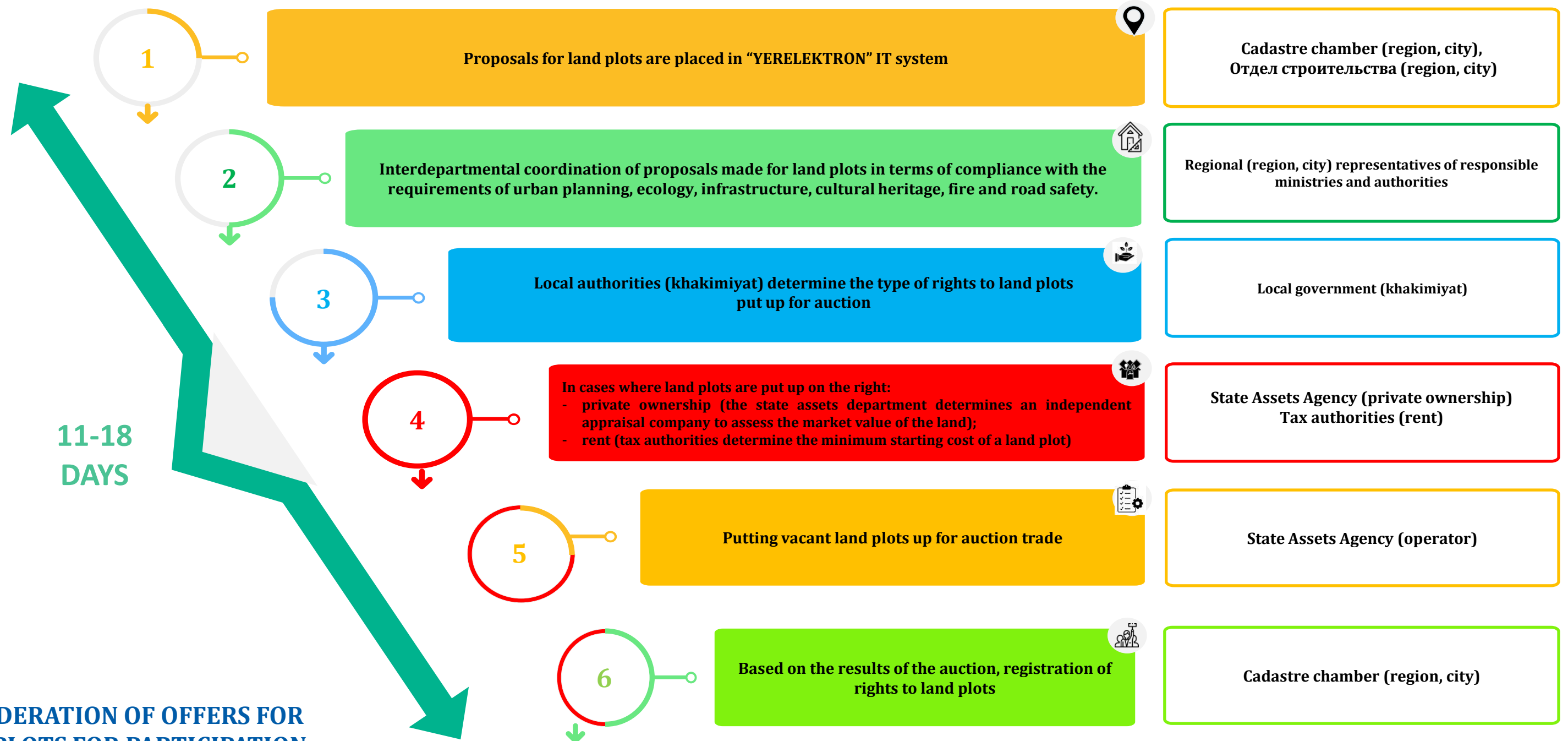
Making adjustments to the powers of the Cabinet of Ministers of the Republic of Uzbekistan, local government bodies, the Cadastre Agency and the State Assets Agency

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.



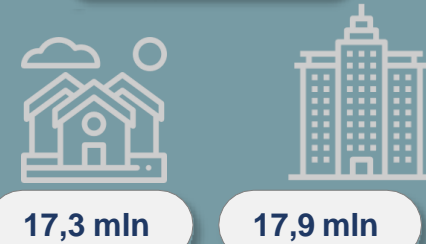


CONSIDERATION OF OFFERS FOR LAND PLOTS FOR PARTICIPATION IN THE AUCTION AND ITS COMPLETION TAKES FROM 11-18 DAYS

Current state urbanization processes

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

POPULATION

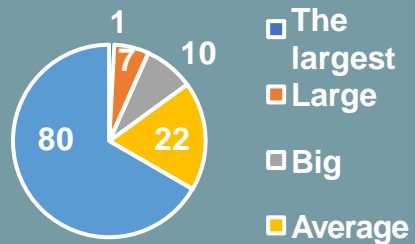


50,8%

Urbanization level

United Nations ranking 130 place

Change in the number of cities (units)



Cities, small cities



Percentage of green areas in cities

8,3 %

■ small cities
■ cities

CURRENT PROBLEMS

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.

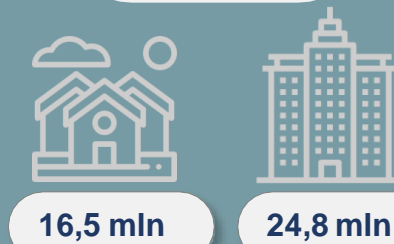


Dependence of the degree of urbanization on the specialization of regions

Ожидаемые результаты от реализации концепции

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

POPULATION

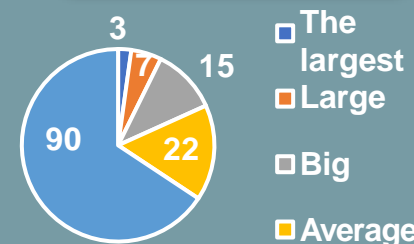


60%

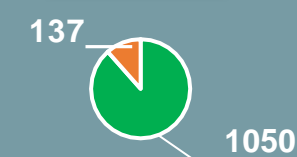
Urbanization level

United Nations ranking 110 place

Change in the number of cities (units)



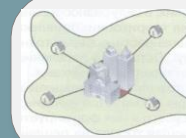
Cities, small cities



Percentage of green areas in cities

30 %

■ small cities
■ cities



The boundaries of agglomerations will be determined and improved



“City livability index” will be developed

Houses built per year

150 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 %

Using the green belt to limit the expansion of the city



Simplified procedure for developing master plans will be introduced





Satisfy housing demand of population groups with different income levels

- Expand the range of possible forms of ownership and use of residential premises, particular 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.

Country Profiles on Housing and Land Management



UNECE

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.

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.

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.

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.

Revision of land and property law

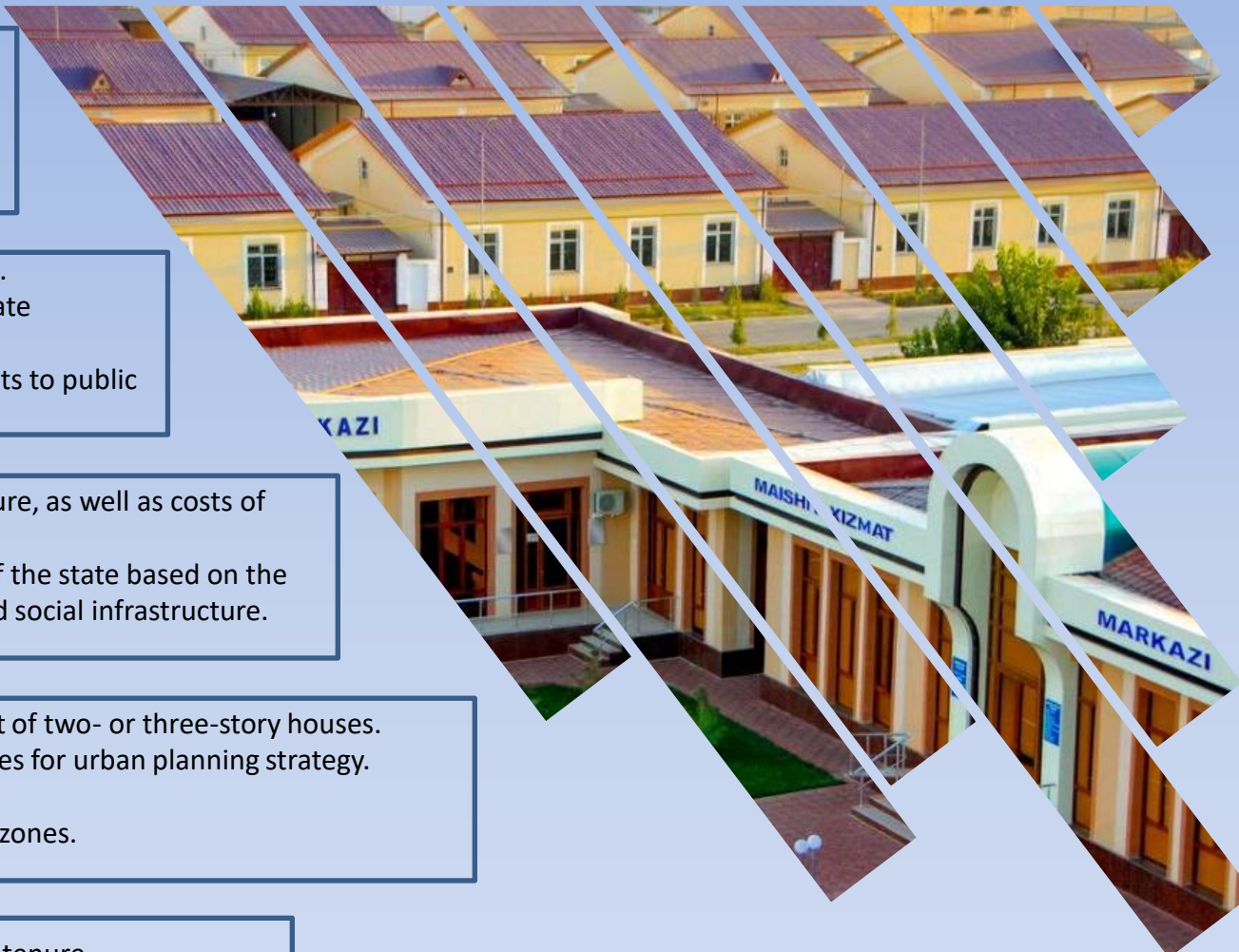
- Introducing changes to the legal framework in order to allow new forms of land tenure.
- Providing ownership rights to land plots.
- Unification of types of ownership rights to land and buildings/structures (by reducing the number of their types)

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.

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

Development of a long-term strategy for the development of the housing sector

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 **100**, construction of additional housing for **200 thousand families**, construction of social houses 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 growth**”.



Separation of powers in the housing sector

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.



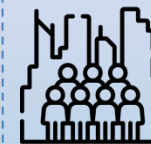
Development of a management system for multi-storey housing stock

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.



Decentralization of management, involvement of parties and active participation of the population

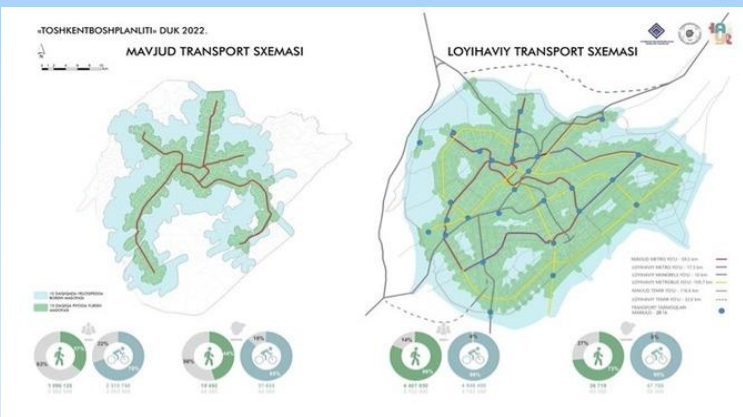
Data on housing construction are generated through applications submitted by the population to local authorities for social housing. At the same time, the legislation gives the right to the Council of Ministers of the Republic of Karakalpakstan, regional khakimiyats and the khakimiyat of Tashkent to increase the number of mortgage loans and subsidies at the expense of the overfulfilled portion of local budget revenues.



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 removed from 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 cadastre 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





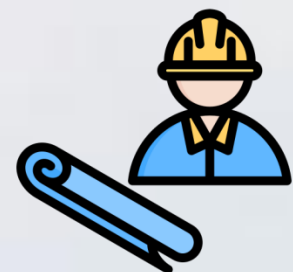
The subsidy does not reach **low-income households** (**less than 2.5 million sums**).



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.

Regulatory:



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



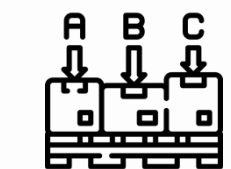
relatively wide list of cases of seizure of land for public needs, which requires revision



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

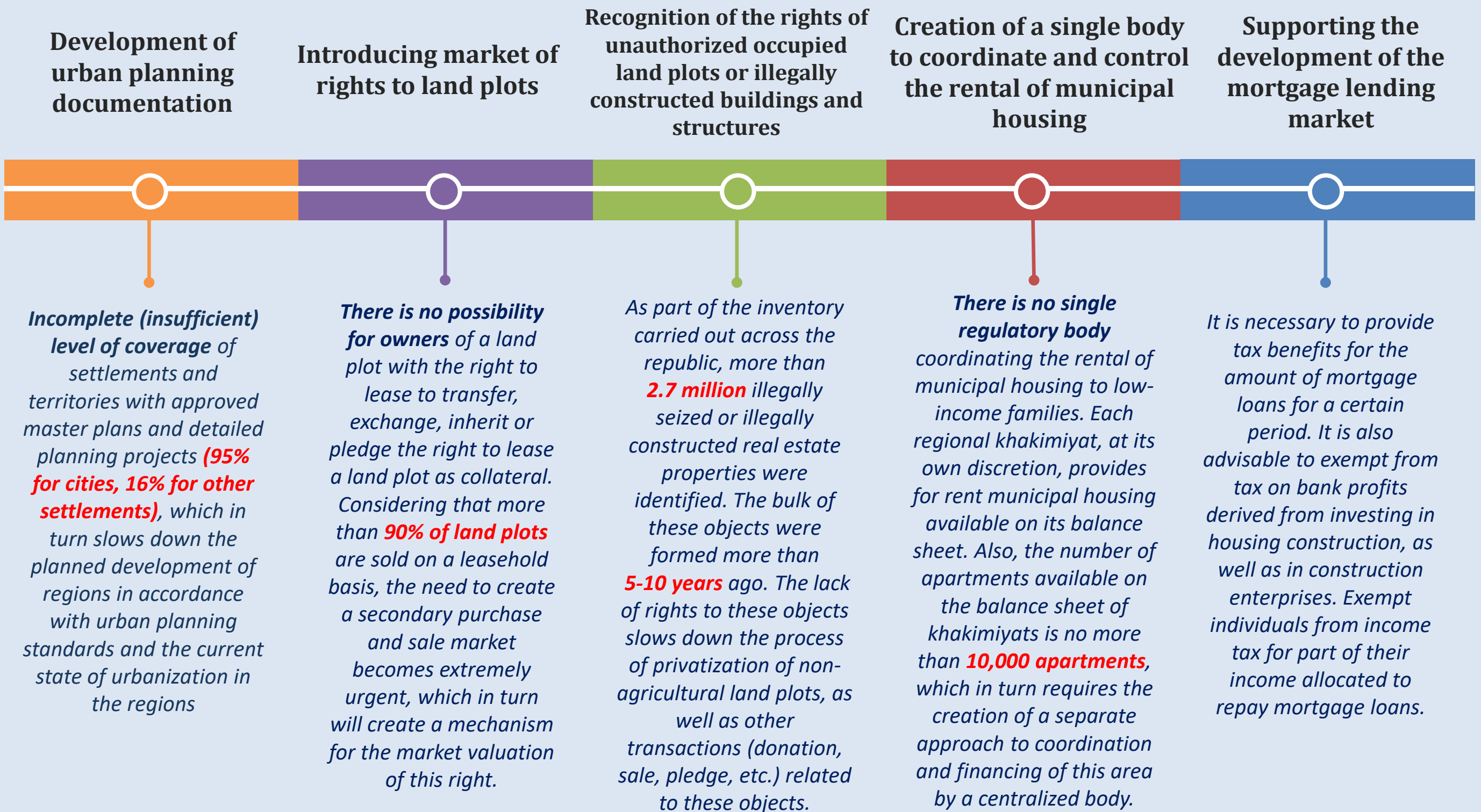


lack of interest of local authorities in putting up vacant land plots for auction trade on the right of private ownership



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





Thank you for attention