

UNDP MOLDOVA
„CHISINAU MUNICIPALITY DEVELOPMENT” PROJECT
TERMS OF REFERENCE
Housing Management and Maintenance
Assessment Mission

GENERAL CONTEXT:

The UNDP-Government of Moldova Country Program Action Plan for the period 2007-2011 foresees interventions that actively support sustainable local development and promote democratic local governance. Within this broad agreement about the collective priorities of UN assistance in Moldova, UNDP is implementing the Chisinau Municipality Development Project aiming to strengthen institutional and financial capacity of local public authorities to operate in a more effective and transparent manner.

The Municipality of Chisinau has been experiencing a slow transition to become an effective service provider for its citizens. Both municipal officials as well as general public opinion believe that its administrative procedures are overly bureaucratic and, thus, costly and ineffective. There are three gaps which impede the implementation of any development efforts of the capital city of the Republic of Moldova:

- § The management gap refers to the lack of explicit skills, techniques and systems for policy design and policy execution. Symptoms of the management gap are the absence of objectives and performance measurements in relation to most work of the public sector, absence of “value of money” tests applied to outputs, absence of team work, excessive reliance on law and authority for getting things done, the lack of responsibilities assumed at lower levels, and poor co-ordination across organizations.
- § The comprehension gap applies to those inside the system, meaning existing public servants and refers to the difference between the understandings of the administration as it is now done, and public management as it might be done. This leads to an effort of implementing the necessary changes to make the public administration reform effective.
- § The confidence gap exists among those inside the system and outside the system as well, namely the public at large, the private sector, and other key stakeholders. This is mainly related to trust and therefore actions should be done to increase transparency, accountability, and measures to prove that there are not secret agendas.

The organizational framework of Chisinau Municipality public administration inherits main traits of the former soviet administrative system. Despite numerous reorganization attempts undertaken in the past, the administration of Chisinau Municipality still encounters serious institutional problems that undermine the overall management effectiveness. The existing management of the competences and administrative functions does not provide efficient coordination and subordination mechanism, as a result performing public services to meet the needs of citizens and business in Chisinau Municipality is an immense challenge to the whole administrative system, subordinated institutions and municipal enterprises.

SPECIFIC CONTEXT:

Chisinau is a city with more than 80% of residents hosted by multi-family high rise housing stock.

The mass privatization [>95% of apartments transferred to private ownership] was not synchronized by the transfer in co-ownership of the housing blocks. The homeowners of approx 50% of the apartments have not yet taken the responsibility [co-ownership] over the housing

blocks. As result, the Municipality is still responsible for the management and maintenance of over ½ of multi-family housing blocks with predominantly privatized apartments [co-owners' condominium associations are not created, in contradiction to the legislative provisions]. Although the City of Chisinau adopted in 2004 its Housing Strategy (with UNDP Moldova's assistance) it did not further commit to the strategy's systematic implementation.

Half of the housing stock is over 35 years old, without any capital renovation interventions. The exploitation of about 450 blocks [first generation of panel buildings dated back to the '60s] is reaching the critical life expectancy limit [45-50 years]. Almost 1/3 of the roofs and 60% of interior engineering infrastructure need capital restoration. As well, not one single housing block is renovated based on 'energy efficiency' technologies. A significant part of housing blocks have 'leaking roofs', moldy and fungus infected concrete walls, rotten floors, broken water pipes and taps, windows with broken panes, poor lighting, rubbish on the stairway, broken entrance door, etc¹.

The operation of existing 'Home Owners Associations' is not in complete accordance with the existing legal norms and is rather inefficient: (i) only 93 out of 900 entities are registered as condominiums as per Law requirements, (ii) the size of many entities is not in accordance with the Law², (iii) the activity of home owners associations is under-regulated (lack of transparency, lack of business planning, etc)³. The managers of private HOAs have little or no capacity to manage the respective organizations, as it not only requires general administration and financial management skills, but also economic skills, related to activities like building maintenance, procurement of services.

Overall, the supply of housing services is still monopolized by traditional 23 municipal maintenance companies and 4 servicing companies [approximately the same Soviet-type 'JEKs']. The operation of the municipal companies (i) is not subject to any performance indicators, (ii) is based on cash flow and not on economic principles, (iii) is not transparent & accountable. There is no competition between the different municipal maintenance companies [each company operates as a monopoly within 'its own area'; efficient companies cannot expand their business and inefficient companies have no incentive to improve]. The Municipal Council is in charge of approving the tariff for M&M services provided by Municipal enterprises [as the decision is political, the tariff is normally too low to ensure an adequate level of quality]. The municipal management & maintenance companies (and served housing stock) are directly supported by the municipality, which created an unfair competition base and inhibited any private initiative/investment in the field.

Development of the legal framework - as cornerstone of housing reforms - has generated significant progress in laying the groundwork for a new approach to housing, from a former Soviet to a market based system, but is still far from being adequate⁴:

- § The *Law on Housing Stock Privatization* (no. 913-XIV/20001993) has undergone over 90 changes [introduced by 14 legislative acts], but many important problems remained: (i) homeowners responsibilities to maintain the common spaces, (ii) clear delimitation of responsibilities between homeowners, utilities suppliers and local governments.
- § The *Law on Housing Condominiums* (no. 913-XIV/2000) provides the legal framework for the organization of homeowners, as well as procedures for the enforcement of rules and obligations and cost sharing procedures. Several barriers to implementation of the Law exists: (i) Individual owners have been reluctant to establish new organizations and assume a wide range of responsibilities, (ii) the administrative procedure of establishing a condominium as a legal entity has proven to be quite complicated, (iii)

¹ *Chisinau Municipality Housing Strategy [approved by Municipal Council at 6 April 2004]*

² *Some HOAs have a membership of over 4000 dwellings, but legally might not exceed a maximum of 500*

³ *UN-HABITAT Concept Paper on Housing in Chisinau 2007*

⁴ *UN-HABITAT Concept Paper on Housing in Chisinau, 2007*

the law has provided largely inadequate guidelines regarding cost-sharing mechanisms and enforcement possibilities.

- § The new *Housing Code* is being developed since 2000, but not yet approved. The old Soviet Housing Code [dated back from 1983] is still in force.

OBJECTIVES OF THE ASSESSMENT

The objective of the mission is to make an assessment of the Chisinau Municipality housing management and maintenance organization, emphasizing the housing reform impasses and problems, and to provide recommendations for re-starting the reforms aiming to move forward the transition in the field of housing management and maintenance, shifting from Soviet style to market based approach. The Expert will also analyze the Housing Division of Chisinau Mayorality, its approach and activities and provide recommendations in order to better organize the municipal function with regard to housing management and maintenance.

More specifically, the assessment will embrace:

- I. Assessment of the legal, regulatory and policy framework of housing management and maintenance in Chisinau Municipality**
 - Assess the extent to which the national legislation is influencing the development within the respective sector: the problems, shortages and possibilities for improvement [the assessment will follow the dual approach - how to settle the limitations in the short period and how to settle the problems in the long run)
 - Assess the current municipal policy towards the housing management and maintenance and related regulatory framework [assess its conformity with the sector's needs]
 - Assess the relationships between the housing sector and the utility sector (legal shortages and conflicts/contradictions)
- II. Assessment of the housing management and maintenance function within Chisinau Mayorality**
 - Assess the institutional organization of Chisinau Mayorality's Housing division in accordance with the local government responsibilities and competences
 - Assess the financial management of the housing management and maintenance sector (sources of revenue, categories of expenditures, tariff calculation and regulation mechanism, etc.)
 - Assess the business organization and operation of the municipal enterprises of housing management and maintenance (planning, organization, control and financing mechanisms)
- III. Assessment of the activity of the private home owners associations**
 - Assess the legal and regulatory framework related to the creation and operation of private homeowners associations
 - Assess the managerial aspects of homeowners associations
 - Assess the financial aspects of homeowners associations
 - Assess the relationships between homeowners associations and public utility companies
 - Assess the relationships between homeowners associations and Chisinau Mayorality
- IV. Conceptual Road-mapping of the required reforms**
 - Drafting a Concept Paper, which will summarize the sector's diagnosis conclusions and recommendations for re-starting the reforms aiming to move forward the transition in

the field of housing management and maintenance, shifting from Soviet style to market based approach.

EXPECTED OUTPUTS:

- A comprehensive Concept Paper of the current diagnose [blockages, problems and conflicts] of Chisinau housing management and maintenance sector, and recommendations in defining a road map for the reforms de-blocking and advancing. The main issues addressed by the Concept will constitute (but not limited to) the following aspects:
 - (a) What are currently the main needs and priorities for the sector development?
 - (b) What improvements in the national legislation are required in order to advance the reforms in the sector?
 - (c) What should be the most appropriate organization of the Housing division in order to perform the related function of the municipality in a more effective and efficient way?
 - (d) What and how should the policy of the Municipality be in order to de-block the process creation of homeowners association?
 - (e) What should be the policy and regulatory mechanisms of the Municipality in order to improve the management of the existing homeowner associations?
 - (f) How to increase the efficiency of the municipal housing management and maintenance companies (in short period)?
 - (g) How to attract private investments in the sector (in the short and long run)?
 - (h) What is the most appropriate timeframe for the required reforms?
 - (i) What could be appropriate estimated costs of the required reforms?
 - (j) What should be the communication strategy of the Mayoralty during the reforms?

INSTITUTIONAL ARRANGEMENTS:

The subscriber will activate under the direct supervision of the UNDP "Chisinau Municipality Development" Project Manager, and in collaboration with the chief of Chisinau Mayoralty's Housing Division.

REQUIREMENTS TO CANDIDATES:

- § An international expert, with at least 10 years of proven experience in the field of housing management and maintenance reforms in CEE
- § Extensive knowledge and expertise in housing reforms in post-Soviet cities
- § Advanced university degree in public administration, economics, law, or related fields
- § Robust analytical skills
- § Excellent report writing skills
- § Demonstrated interpersonal and diplomatic skills, as well as the ability to present ideas clearly and effectively
- § Demonstrated capacity of team-orientation work
- § Proficiency in computer applications (Windows, MS Office suit of applications)
- § Fluency in English and Russian/Romanian

DURATION OF THE WORK

The assessment shall be carried out within 10 workdays (excluding week-ends) in the period March – April 2010.