

INSTITUTIONAL FRAMEWORK

A. Public sector institutions

National level

Housing and urban planning issues are predominantly under the responsibility of the Department of Urbanization and Construction of the Ministry of Economic Development (MED).

Until December 2006, the Department employed 15-19 professional staff and was divided into four divisions as illustrated in figure 2.1. The division of Housing and Communal Infrastructure Policy was abolished in December 2006, reducing professional staff to 14. Each division of the department has the authority to draft legislation and programmes. Under the Ministry, there is also a Department of State Property Management Policy, which employs 13 staff and is divided into two divisions: Management of the State Property and Listing of the State Property.

As the housing sector is an interdisciplinary sphere, responsibilities related to

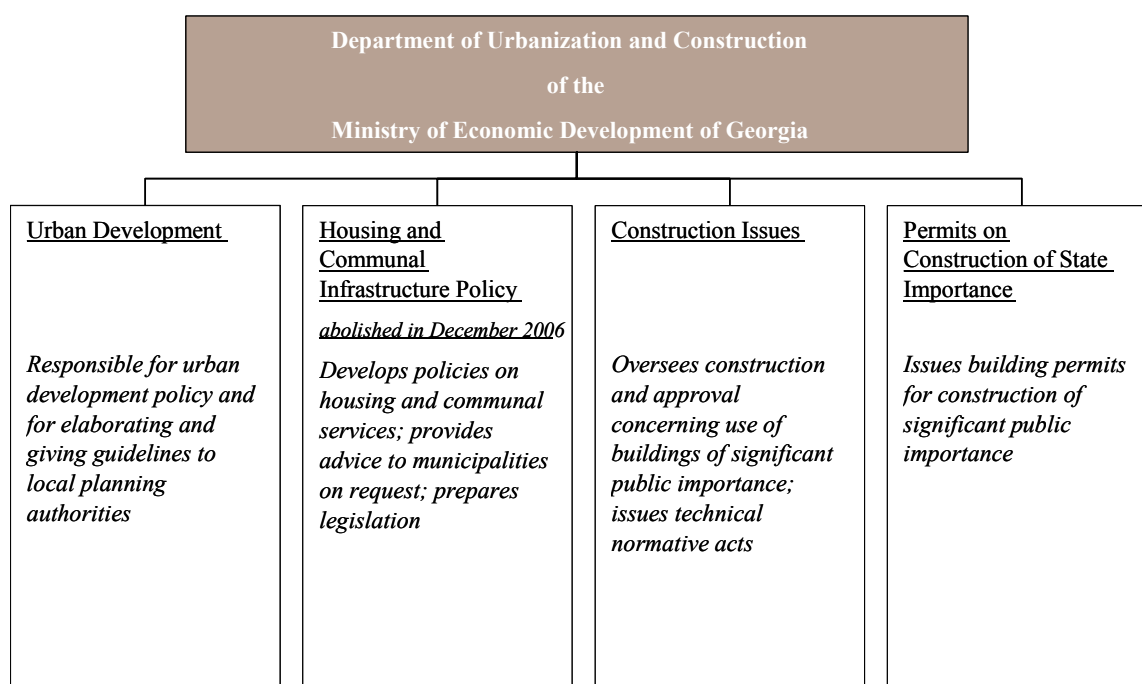
housing policy formulation and execution can also be identified within a number of other Ministries: the Ministry of Refugees and Accommodation; the Ministry of Finance; the Ministry of Labour, Health and Social Affairs; and the Ministry of Culture, Monuments Protection and Sports.

On the legislative side the following Parliamentary Committees are concerned with housing issues: Budget and Finance, Human Rights and Civil Integration, Sector Economy and Economic Policy, Regional Policy, Self-Government and the Mountainous Region, Legal Issues, and Health Care and Social Issues.

Local government

Functioning local governments are essential for the housing sector. Transparent and simple administrative structures could contribute significantly to the identification of priority issues, efficient decision-making, and the effective implementation of policy decisions at regional and local levels.

Figure 2.1. Divisions of the Department of Urbanization and Construction (up to December 2006)



Local government

Functioning local governments are essential for the housing sector. Transparent and simple administrative structures could contribute significantly to the identification of priority issues, efficient decision-making, and the effective implementation of policy decisions at regional and local levels.

Decentralization efforts were initiated in 1994, and first local elections were held in November 1998. However, the State retained control over the local self-government¹¹ through fiscal (local budgets rely mostly on direct State transfers) and institutional set-up. There were cases of control and interference by the State in the responsibilities of local government, even where the law defined otherwise.

The new *Organic Law on Local Self-Government* was adopted in December 2005, and further amended thereafter. According to the law, the status of local self-government as of 1 January 2006 is given to: (a) those cities of Georgia which are not under the subordination of the districts; (b) districts of Georgia; (c) certain settlements; such as Eredvi, Kurta, Tighvi and Azhara.

The regional level

The nine administrative regions of Georgia are shown in figure 2.2. The definition of the status of some regions has been postponed due to internal conflicts and the Constitutional provision (art. 2, para. 3) which states that: “The territorial State structure of Georgia shall be determined by a Constitutional Law on the basis of the principle of circumscription of authorization after the complete restoration of the jurisdiction of Georgia over the whole territory of the country”. Consequently, Governors of regions are being appointed by the President, whereas mayors of cities are elected.

The middle level of local government consists of 67 districts and six cities: Tbilisi, Kutaisi, Rustavi, Poti, Batumi and Sukhumi. The status of the capital city is defined by the *Law on*

Capital City of Georgia – Tbilisi, in accordance with the Constitution and the organic *Law on Local Self-Government*. The capital city now consists of six districts: Old Tbilisi, Vake-Saburtalo, Mtatsminda-Krtsanisi, Didube-Chughureti, Isani-Samgori and Gldani-Nadzaladevi, which are divided into 17 price zones for urban land (figure 2.3). Tbilisi has executive bodies at the district level (district governments - Gangeoba), a common representative body (the Sakrebulo or City Council), and a city executive government lead by the mayor.

The self-government level consists of settlements (self-governed cities) or groups of settlements (municipalities). Settlements could be villages, small towns (minimum 3,000 inhabitants) and cities (minimum 5,000 inhabitants). The exclusive responsibilities of self-government include land-use and territorial planning, zoning, construction permits and supervision, housing, and communal infrastructure development.

Through the *Organic Law on Local Self-Government* (December 2005), the level of local self-government has been strengthened.

A coherent territorial-administrative structure and a clearly delineated division of responsibilities between different administrative levels of that structure are prerequisites for the effective organization and functioning of public sector. In this sense, the new *Organic Law* brought about considerable progress.¹²

In accordance with the previous *Law on Local Government and Self-Government* of 16 October 1997 (abolished after the adoption of the new *Organic Law*), all housing issues were confirmed as being within the responsibility of local self-government, including management, maintenance and new construction.

¹¹ See also Rekhviashvili, I. Decentralization Experience and Reforms. Case Study of Georgia. 2001.

¹² Its provisions became binding with the official announcement of the results of the elections to the local self-government representative bodies held in autumn 2006.

Figure 2.2. Administrative map of Georgia



The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.

These responsibilities are repeated in the new *Organic Law*, together with the responsibilities of developing an overall strategy for urban development, preparing master plans, issuing construction permits and supervising construction. In order to enable local governments to implement such policies, the new *Organic Law* provides local government with the right to buy land and to be given land by the central government. Regarding the provision of social housing, local governments have a responsibility not only to provide social support for families categorized as recipients of such support, but also to provide a local reserve fund of housing. It should be noted, however, that these responsibilities are phrased as being rights and not obligations of the Government.

The reality is, however, that local governments have lacked the financial resources to fulfill their responsibilities. One attempted solution to this problem is contained within the

Organic Law itself, namely a reduction of the number of units of local self-government, thus allowing for the development of more viable budgets. Furthermore, the *Organic Law* stipulates that any activities not expressly stated as being in the competence of the local government can only be delegated to the local by the central Government on the condition that the delegation of responsibility is accompanied by the necessary finances.

The law *On the Local Budget* (May 2006) attempts to provide a procedure by which the local budget should be designed by the local executive body and approved by the local parliament. According to this law, budgets of local self-governments are independent, and upper levels of government may not intervene into this budget autonomy. Indeed, this law represents, in conjunction with the *Organic Law*, an attempt to create a self-financing system of local government.

The transfer of land ownership to local governments as foreseen in the *Organic Law* represents a major step forward with regards to urban planning. Previously, as a result of the fact that local governments have not owned land within their boundaries, they have only indirectly participated in the process of the privatization of State land within their boundaries, and have as a consequence been unable to play an active role in

the management of land and spatial development in urban areas. As will be addressed in the section on urban planning in chapter III, only the National Parliament in terms of passing framework legislation, and the local assembly in terms of passing local regulations, should have the authority to decide land-use issues.

Figure 2.3. Normative price zones for urban land in Tbilisi

Zone	Name	Normative price for 1 m ² (GEL)	Price of rent for 1 m ² (GEL)
1	Old Tbilisi	504	9.72
2	Vake	288	6.48
3	Saburtalo	218	5.71
4	Krtsanisi, Ortachala	168	5.38
5	Digomi, Didube	158	5.18
6	Didi Digomi	84	2.02
7	Chugureti	101	3.17
8	Temka, Nadzaladevi	66	2.38
9	Central Isani, Samgori	84	2.64
10	Okrokana	84	2.16
11	Tskneti	144	2.4
12	Vilg. Digomi, Mukhatgverdi	29	1.15
13	Gldani, Mukhiani	36	0.58
14	Plateau of Makhata	84	0.84
15	Didi Lilo, Patara Lilo, Aeroport	22	0.72
16	Shavnabada	50	0.5
17	Kiketi, Tsavkisi	24	0.72

BOX 1.1. The Municipality of Gori

Gori, located in the Shida Kartli region, has a City Parliament with nine elected members.

The City employs 30 staff members and is organized in three offices: Social Affairs, Urban Infrastructure (includes urban territorial development, architecture, urban planning, renewal and protection of historical zones), and Legal Affairs.

The municipality had an annual budget of 600,000 lari in 2006, which was used mainly for civil servant wages, city lighting, maintenance of public squares and parks, and road repairs.

The municipality belongs to the Association of Local Self-Governments.

Gori, like most of the cities in Georgia, is a shrinking city. Its population fell from 68,000 in 1988 to about 50,000 in 2002.

95 per cent of the public housing has been privatized. The remaining 5 per cent is to be privatized. Common problems with the housing stock include inadequate roofs on multi-family houses, poor infrastructure, and problems with water delivery. The local government does not intervene, however, unless conditions become really bad. The city received State support for the repair of common property, such as roofs, in 2005, but not in 2006. In 2005, 16 roofs on multi-family houses were repaired.

About 20 homeowners' associations, resulting from the transformation of former housing cooperatives, are currently listed. In 2004, through a tender launched by the Ministry of Infrastructure and Development, urban planning documentation was elaborated for Gori, and the first stage of the preparation of a Master Plan was started. In spring 2006, the results of this work had not yet been approved by the City Parliament.

About 4-5 per cent of the housing stock is rental, and there are a number of empty flats, mainly due to the decreasing population. The city has neither a social housing policy nor a policy for special emergency accommodation – in such cases, families will be accommodated in hospitals.

Figure 2.4. Housing estates in Tbilisi and Gori



Problematic extension in Tbilisi



Historical building in Tbilisi



Multi-family housing in Tbilisi



Multi-family housing in Gori

B. Private sector and civil society

After the “Rose Revolution” in 2003, the fight against corruption has been a major concern of the Government, and a massive effort to combat corruption has been undertaken. Corruption in the construction sector of the public administration, where laws are not enforced in a uniform and transparent manner, is a major constraint to private sector development. In 2003, Georgia was the sixth most corrupt country on the Transparency International listing. In addition to complex administrative procedures, there are high costs for establishing and operating businesses.¹³

The construction industry suffers from an inadequate regulatory framework, the absence of construction norms, and the lack of a qualified workforce. Even so, private-sector and civil-society initiatives are playing an increasingly important role in Georgia’s housing sector. These are briefly characterized below.

Professional organizations

The Developers’ Association was established some 18 months ago by eight companies which now control about 60 per cent of the private construction market. Its aims are to protect private companies’ interests, to analyse the existing situation in the construction market, to elaborate and implement its own construction standards, and to establish a code of ethics.

The Association members find that they are not perceived by public authorities as partners in discussions concerning the construction sector. Public-private partnerships are welcome, but there have been few such initiatives by public authorities. A lone example in recent years was the construction of the swimming pool in Batumi – the plot was sold by the municipality with the requirement that a swimming pool be constructed.

The National Union of Architects of Georgia dates back to 1931. Today it has 740 members and commissions on education and science, legislation, competitions, urban planning

and ethics, which meet every week. Every two years, a congress of all members is held. The Union’s aims are to protect the rights of architects and to provide a platform for continuous training through participation in international events and conferences. The Union is involved in the preparation of legislation for Parliament.

The Federation of Constructors was established in 1999 and re-registered in 2005 as a non-governmental union. It has 7,000 individual and 30 organizational members. All organizations are private and involved in construction activities. The Federation has units in the cities of Tbilisi, Rustavi, Kutaisi and Poti in addition to 33 units in districts. It is represented by its president and honorary president. Its governing board consists of 16 members, and the Chair of Board is responsible for the Federation’s juridical, financial and other governing issues. Among its 15 commissions are commissions on housing construction, on legislation, on ecology, on seismicity, and on training and education.

The main activities of the Federation include consultations and recommendations to members, legislative initiatives; technical support to members, informational support to members; and distribution of different professional materials.

The Association of Urbanists of Georgia was founded in 1990 and is an NGO. It has 55 members. Its main activities include the preparation of draft laws, participation in urban planning competitions and in urban development processes, consultations to Government and the population, and participation in debates concerning urban development issues. The Association elaborates projects founded by local and international organizations. It also collaborates with governmental institutions, local municipalities, NGOs, Georgian Technical University, the German Academy for Regional and City Planning and UN-HABITAT. The Association drafted several initiatives at the national level to develop a new system of urban planning.

The Association for the Protection of Landowners’ Rights, founded in 1996, provides legal consulting and arbitration services, and surveying.¹⁴

¹³ Government of Georgia. The Government’s Strategic Vision and Urgent Financing Priorities in 2004-2006. Donors’ Conference, Brussels, 2004, p. 24.

¹⁴ See www.aplr.org/en.