

Challenges facing housing management systems in post-Soviet countries: The case of Uzbekistan

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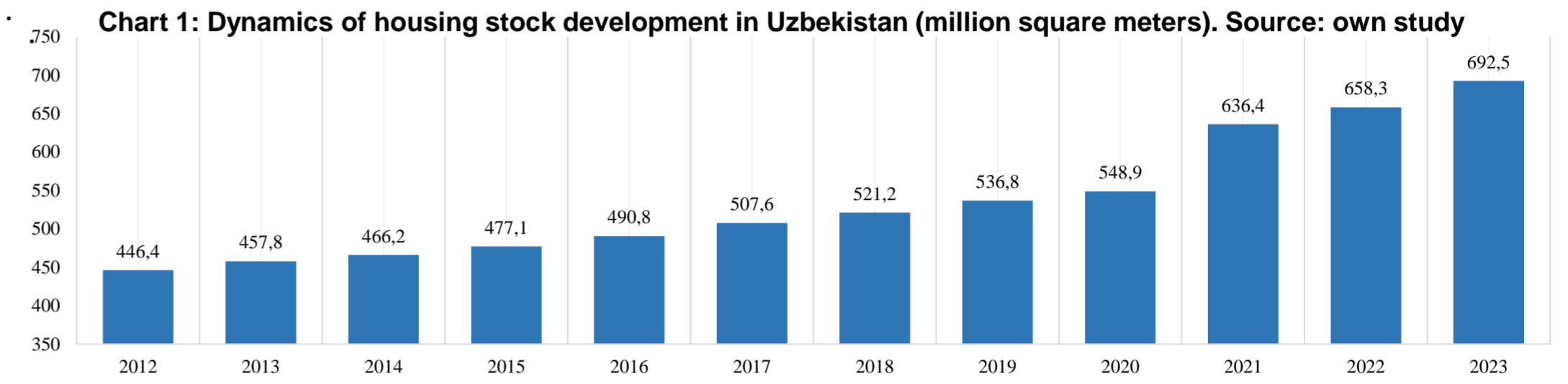
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INTRODUCTION Uzbekistan, like many post-Soviet states, has undergone significant transformations since gaining independence. However, the housing management sector remains largely underdeveloped, with fragmented institutional responsibilities and inefficient financial mechanisms. The transition from a centrally planned economy to a market-based system has led to the privatization of housing stock, resulting in a multi-owned property structure that requires new management approaches. The need for coordinated management of shared resources has further complicated the management of residential buildings. Recent policy reforms in Uzbekistan aim to modernize the housing management system by introducing decentralized governance models, promoting homeowner associations, and integrating private sector participation. However, the effectiveness of these reforms remains uncertain due to persistent challenges such as low financial transparency, weak institutional capacity, and limited public engagement. This paper focuses on analyzing the transformation of the housing management system in Uzbekistan, with a particular emphasis on key challenges in the management of multi-owned housing (MOH). The research aimed to provide a comprehensive assessment of the current state of the housing management system and to explore innovative housing management strategies that increase efficiency, sustainability, and stakeholder engagement.

MATERIALS AND METHODS

This study employs a mixed-methods approach to comprehensively analyze the current state and transformation of the multi-owned housing stock management system in Uzbekistan. This approach integrates both quantitative data analysis and qualitative assessments to provide a holistic understanding of the subject matter. Statistical data on the composition and ownership structure of Uzbekistan's housing stock from 2012 to 2023 were analyzed using descriptive statistics to identify trends and patterns. Data sources included national statistics from the Agency for Statistics of the Republic of Uzbekistan and financial reports from housing management organizations. By integrating diverse methods, the research provides a comprehensive analysis of the multi-owned housing (MOH) management system in Uzbekistan.



RESULTS AND DISCUSSION

Recent trends indicate that the real estate market is emerging as a highly attractive investment sector, drawing increased interest from both domestic and international investors. Additionally, the growth in the production of building materials and the rising volume of newly commissioned residential and commercial spaces signal that Uzbekistan is experiencing a construction “boom”, further reinforcing the sector's contribution to national economic development. In addition to construction activity indicators, it is crucial to examine the dynamics of the housing stock. As of 2023, the total housing stock in Uzbekistan reached 692.5 million square meters. Between 2012 and 2023, the housing stock grew by 147.4%, reflecting an average annual expansion of approximately 12 million square meters (Chart 1). This consistent growth underscores the sustained development of residential infrastructure, driven by increasing urbanization and state-supported housing initiatives.

To assess the various management models within the MOH management system, a comprehensive analysis was conducted on all currently implemented management methods in Uzbekistan. This evaluation enables the identification of strengths, weaknesses, and potential areas for optimization to enhance the efficiency and sustainability of housing governance (Table 1). An analysis of the activities of management organizations in the Republic of Uzbekistan, irrespective of the management model employed, reveals key challenges associated with the MOH management system. A comprehensive analysis was conducted on all currently implemented management methods in Uzbekistan to assess the various management models within the MOH system and in homeowners associations (HOAs). Many inefficiencies persist in the execution of building maintenance and repair works. In many cases, repair activities are either inadequately performed or entirely neglected, compromising the structural integrity and habitability of residential buildings. A particularly pressing issue is the mismanagement of financial resources, specifically the misallocation of funds collected from property owners and the imposition of non-transparent and unjustified service tariffs. Furthermore, a notable concern is the conflict of interest in service provision, where the same entities or individuals assume both the customer and the contractor roles. This practice leads to a lack of accountability and diminished service quality, ultimately undermining the effectiveness of housing management and eroding trust among homeowners.

A competitive market for the provision of management services in the multi-owned housing sector has yet to emerge. This is primarily due to the limited investment attractiveness of the sector. The establishment of a fully functional and efficient management framework by professional housing management organizations requires initial capital investment, which is essential for the development of material and technical infrastructure. However, the lack of financial incentives and uncertain return on investment serve as significant barriers to private sector engagement, thereby impeding the modernization and efficiency improvements within the MOH management system.

Among the existing management models, the most effective approach is the engagement of a professional management organization. This model ensures specialized administration, efficient resource allocation, and systematic maintenance of MOH. By leveraging professional expertise and modern management practices, such organizations enhance the quality of housing services, optimize operational costs, and improve long-term sustainability in residential property management. The two predominant forms of MOH management are professional property management companies (PPMCs) and HOAs. A distinctive characteristic of PPMC is their competition with HOAs, which are established directly by homeowners. The SWOT analysis of PPMC, considering potential competition from HOAs, provides an assessment of their strengths and weaknesses within a dynamic market environment (Table 2).

CONCLUSIONS

The management of MOH in the Republic of Uzbekistan remains a critical sector that requires systematic reforms to enhance efficiency, transparency, and service quality. The study has identified key challenges, including institutional inefficiencies, financial instability, lack of competition in the management services market, and insufficient digitalization. These factors contribute to the ineffective MOH management, leading to increased maintenance costs, service inconsistencies, and limited homeowner engagement. To enhance the MOH management system and to ensure the delivery of high-quality services by property management organizations, the authors propose the following strategic measures:

1. Ensuring information transparency in the management of housing stock is a crucial factor in enhancing accountability and efficiency within the sector. Access to relevant data enables both citizens and government authorities to assess the performance of management organizations and make informed decisions regarding housing governance. The availability of publicly accessible regulatory legal acts and subordinate documents related to housing management plays a key role in fostering legal literacy among homeowners.
2. The establishment of a rating system for multi-owned housing management organizations and HOAs serves as a mechanism for enhancing accountability, transparency, and service quality within the housing sector. This system would facilitate the objective evaluation of management performance, thereby fostering competition and improving governance standards. The introduction of a structured and standardized rating system would enhance public confidence in housing management entities, encourage best practices, and promote higher levels of service efficiency within the housing sector.
3. The effective maintenance, modernization, and resettlement strategies for multi-owned housing stock play a crucial role in ensuring housing safety, structural integrity, and long-term sustainability. A well-functioning capital repair system is essential for preventing deterioration, extending the lifespan of buildings, and improving living conditions for residents. The integration of these interrelated measures would enhance urban housing resilience, improve housing infrastructure sustainability, and ensure compliance with national safety standards.
4. The modernization of housing and communal infrastructure is essential for ensuring the long-term sustainability, efficiency, and resilience of urban development. Given the increasing demands on engineering and utility systems, a strategic approach is required to enhance the reliability and quality of essential services. The successful implementation of these interrelated measures will contribute to the formation of a sustainable, transparent, and investment-friendly housing sector, ultimately enhancing the quality of life for residents and fostering long-term economic growth.

Table 1: Different forms of housing management in Uzbekistan. Source: own study

Form of Management	Advantages	Disadvantages
1. Direct (independent) management by homeowners	<ul style="list-style-type: none"> independent payment for communal resources by owners (everyone is directly responsible for their debts to resource-supplying organizations); all powers to manage the house remain in the hands of each owner (there will be no sole seizure of power); absence of expenses for payment for services on common property management; the supplier of communal resources is at the same time a contractor. 	<ul style="list-style-type: none"> difficulty in finding a person who agrees to take responsibility for concluding contracts on behalf of all owners; lack of professional management of the common property; control over the quality of work and services by all or a few owners may lead to conflict.
2. Homeowners associations (HOAs)	<ul style="list-style-type: none"> financial funds (contributions) of the owners are collected in the HOA settlement account and are spent only for the needs of the house (HOA is a non-profit organization and this money cannot be distributed anywhere as profit); you can independently hire organizations or employees to maintain, repair, and service the common property (sometimes it is possible to attract citizens living in the house on a contractual basis); in case of unsatisfactory work of the board (chairman) they can be reelected or a professional manager can be hired; The HOA can open a special account for capital repairs and decide on its own what and when to repair the house and what materials to use. 	<ul style="list-style-type: none"> the possibility of problems with the accumulation of contributions for housing and communal services (not all residents pay for communal services in a timely manner, which disrupts the financial stability of the HOA); a partnership may be favorable in a large apartment building (in a smaller number of flats it may be too expensive); any person can become the chairman of the HOA.
3. Professional property management companies (PPMCs)	<ul style="list-style-type: none"> the apartment building is managed by professional staff; management fees are low even for small buildings; all management companies are subject to licensing (it is possible to influence the quality of their work by appealing to the housing inspectorate that they violate the licensing requirement); owners do not need to spend time and effort on maintenance and repair of their houses. 	<ul style="list-style-type: none"> it is more difficult for the owners to trace what their money is spent on; the management company may go bankrupt or insolvent, and all the residents accumulated money will go with it; it is difficult for the owners to agree on the terms and conditions of the contract, which would protect their rights to a greater extent; failure to fulfil contractual decisions is possible.

Table 2: SWOT analysis of MOH management by PPMC in Uzbekistan. Source: own study.

Strength	Weaknesses
<ul style="list-style-type: none"> protecting the interests of homeowners by ensuring fulfillment of obligations and establishing transparent relations with them through the provision of guarantees; the possibility to influence within the framework of the law on homeowners who do not fulfill their obligations to pay for the services of the management company; the possibility of attracting more professional managers, which contributes to increased efficiency. the possibility of attracting financial resources (loans, subsidies, grants, etc.); 	<ul style="list-style-type: none"> lack of opportunity for homeowners to control costs of apartment building maintenance may lead to negative consequences in relations between the management company and its clients. insufficient attention of the management company to improving resource efficiency of the apartment building; lack of a clear strategy for the development of the management organization; new forms of servicing apartment buildings are not well developed; the labor remuneration system is built without taking into account the complex qualification of workers.
Opportunities	Threats
<ul style="list-style-type: none"> possibility to build relationships with resource suppliers from the position of equal commercial structures; the ability to protect the interests of homeowners (clients of the company) at various levels (city, regional); the possibility of receiving subsidies and benefits allows to count on attracting non-refundable financing for the realization of rendered services; the possibility of creating various digital tools to improve the management of apartment buildings. 	<ul style="list-style-type: none"> lack of payments from the owners complicates the financial situation of the organization, which contributes to the deterioration of the quality of services provided; lack of benefits and subsidies leads to increased accounts payable and receivable (bankruptcy); growth of tariffs for housing and communal services; decrease in the number of clients is due to the deterioration of the demographic situation; decrease in the number of clients is due to insufficient elaboration of the strategy for implementation of innovative technologies.

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