

## The population and construction companies to be provided with new opportunities



On December 2, President Shavkat Mirziyoyev chaired a meeting on the development of the construction materials industry and housing for the population.

Large-scale construction and landscaping activities are being carried out to improve the living conditions of the country's people. Over the past five years, over 140 thousand new apartments and individual houses have been built.

Under the Decree of the President of the Republic of Uzbekistan "On additional measures to improve the mechanisms of mortgage lending" of November 28, 2019, the procedure for obtaining mortgage loans was simplified. In particular, borrowers have expanded their choice of housing options. As a result, the quality and competition increased in the sphere, and projects with modern architectural solutions began to be implemented in the regions. Currently, 35,000 apartments are being built annually under mortgage programs.

Despite this, the supply in the mortgage market is lower than the current demand. In particular, there are not enough mid-range apartments that are most in-demand among the population.

In addition, 950 apartments worth 255 billion UZS remain unsold due to unattractive location or price. In some regions, the start of housing construction has been delayed due to delays in the auctioning of land plots. As a result, funds allocated by the state for targeted loans remain unused. Many hokims of regions and their deputies for construction are limited to 2-3 organizations when choosing contractors, which is detrimental to quality.

Samarkand region is cited as a positive example. The regional hokimiyat, having organized the well-coordinated work of designers, developers and banks, was able to ensure the construction of affordable

housing. Therefore, in the region, there are high indicators both for the use of subsidies and the development of credit resources.

Next year, it is planned to build about 50 thousand apartments in the country under mortgage programs. It is planned to allocate about 13 trillion UZS of targeted loans and 1 trillion 300 billion UZS of subsidies for this.

The forthcoming work in this direction was discussed at the meeting. New opportunities for the population and developers were identified.

There are restrictions on the area and cost of housing in mortgage lending or when receiving subsidies. Now such restrictions will be removed.

From now on, a 32 million UZS subsidy will be allocated to the low-income population to pay part of the initial contribution, regardless of the area and cost of the purchased apartment. The same for all regions the size of the rate compensated to the low-income population by the state is set – 10 percentage points. Subsidies will also be issued for loans received for the construction and repair of individual housing.

Another innovation is that persons who are not a relative of the borrower can also act as a guarantor in obtaining a mortgage loan.

Starting next year, socially vulnerable women, orphans and persons with disabilities will also have access to mortgages in the secondary market.

The Head of the state ordered to organize centers in which information on new houses, consultations and services for registration, subsidies and lending will be provided comprehensively.

It is planned to introduce a “targeted mortgage deposit” mechanism, in which a tripartite agreement is concluded between the buyer, the bank and the developer, the buyer finances the developer through the bank, and the bank guarantees the timely delivery of the house to the buyer.

Contractors are also allowed to provide unfinished but roofed apartment buildings as collateral for the loan. The procedure under which the Entrepreneurship Support Fund provides construction organizations with guarantees and compensations will be extended.

Contractors with high positions in the rating will be allowed, when buying land at auction, to first deposit 30 percent of the amount, and pay the rest in installments within 12 months.

Responsible persons have been instructed to introduce these conveniences and widely explain them to the population and entrepreneurs.

The Prosecutor General’s Office has been instructed to establish strict supervision over the unjustified overstatement of construction costs, cases of violation of competition, arbitrary changes in approved projects, nepotism.

Issues of ensuring the availability of building materials were also discussed at the meeting. It was noted that it is preferable to create clusters in this sphere.

For example, in Tashkent and Navoi regions, the created clusters produce 80 percent of building structures and carry out contract work themselves. As a result, the cost of 1 square meter of housing is 3.5 million UZS. This is 20 percent cheaper than in other construction companies.

In this regard, the expediency of creating construction clusters in each region was noted.

“To reduce infrastructure costs, these clusters need to be created around sources of raw materials or large enterprises. For example, the cluster in Gazgan has shown its effectiveness. In the same way, 11 enterprises for cement, plasterboard, reinforced concrete, metal products, dry mixes are being launched in Uzbekistan district. If logistics, research and innovation centers, a modern laboratory, an analytical

department are created next to them, a cluster will appear that is competitive in the export and domestic markets”, said Shavkat Mirziyoyev.

According to foreign experts, Farish, Sariasiya, Buloqboshi, Karaulbazar, Pakhtachi, Chust, Akhangaran and other districts also have similar capabilities. In this regard, the responsible persons were instructed to specialize 24 districts in the production of building materials and to implement relevant projects.

Next year, 100 billion UZS will be allocated for geological work in these districts, and 200 billion UZS for the infrastructure of newly formed clusters.

In addition, construction clusters will be provided with revolving loans for 10 billion UZS to replenish working capital, long-term loans for \$2 million for the purchase of modern technology and equipment, as well as customs privileges for 2 years.

As is known, the quality and duration of construction largely depend on the materials used. But today the use of modern building materials in Uzbekistan is less than 25 percent. At the same time, the use of modern materials can reduce construction time by 30 percent, and the cost by 20 percent.

The Ministry of Construction was instructed to include innovative energy-saving materials in urban planning norms and rules and to expand their use in housing construction.

The issues of transformation of higher education institutions in the architecture and construction, training qualified personnel were also discussed.

Responsible persons provided information on the discussed issues.











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