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PRACTICAL GUIDELINES FOR THE ORGANIZATION AND OPERATION OF HOUSING CONDOMINIUMS

Project proposal by the Steering Group of the Meeting of  
Officials on Land Administration prepared by  
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Introduction

1. Transforming the housing sector into an effective market operation is a policy priority in all countries in transition. Following the political changes, one of the initial major policy issues in most of these countries was to legislate on the privatization of the housing stock, and to carry it out. Usually such a privatization policy has been favourably received by the general public. In many countries in transition privatized housing now represents around 90 per cent of the total housing stock. For political reasons this privatization was carried out very quickly without adequate legal, administrative and financial frameworks in place. In western Europe such frameworks were developed over a long period of time. The housing privatization created a number of difficulties in countries in transition, particularly for multi-family housing estates, many of which were administratively transformed into condominiums. For such housing estates, the problems relate to:

- Maintenance and repairs;
- Legislation;
- Organization, administration and decision-making;
- Financing and taxation;

- Real property registration and land administration;
- Municipal services;
- Speculation;
- Conversion of housing units into premises for other purposes (offices, etc.);
- Social segregation and inequalities.

2. Condominiums (or owner-occupied dwellings) form an important part of the housing stock in the market economies. Private ownership of this type of housing in the form of condominium organization has a long tradition in western Europe and North America. Its share (including single-family homes) in the total housing stock in the western part of Germany stands at 38 per cent, in the Netherlands at 47 per cent, and in Ireland at 80 per cent.

3. One of the advantages of a condominium is that its resident and its owner are often one and the same person, so it is easy to take decisions on maintenance and improvement and to carry it out. In owner-occupied dwellings the residents have control over the dwellings, but they have to cooperate on issues related to the whole building and its surroundings. Without well-organized cooperation among the residents, adequate legislation, taxation, and municipal services, it can be difficult, if not impossible, to take and implement decisions on maintenance and improvements.

#### I. PURPOSE AND SCOPE OF THE PROJECT

4. Housing privatization and condominium organization of private dwellings cover most of the existing housing stock in economies in transition and will be a central social, economic and environmental element in the further sustainable development of their human settlements. It is therefore vital to ensure that this type of organizational entity functions efficiently.

5. The purpose of the project is to provide practical guidelines to national and local authorities in countries in transition on necessary legislation, institutional, organizational and financial structures and solutions to deal with problems related to privatized housing units in multi-family housing estates and other forms of condominiums. Such guidelines should address the main condominium problems in the public and private sectors, and at the same time contain practical advice and recommendations.

6. The guidelines will address a number of basic topics that are essential for the efficient functioning of condominiums, such as:

- National legislation on all major aspects of condominium ownership;
- Regulations and rules on the internal functioning and operation of condominiums;
- Development of the municipal sector: redefine its role to place real responsibility for ownership on the individual condominium owners and the condominium organization. This means, in particular, changing the role and functioning of the municipal housing maintenance companies, which belong to the public sector in most economies in transition;
- Development of a private sector market for management services, repair and maintenance of condominiums;

- Establishment of financial and taxation systems and investment instruments with a maximum number of incentives for condominium organizations, condominium maintenance, repair, and upgrading;
- Securing property rights in the multi-family housing sector and mixed ownership forms;
- Setting up mortgage schemes to meet the needs of homeowners. Development of subsidy systems for lower-income households;
- Identification of private and jointly owned parts in condominiums and clarification of landownership; legal and institutional frameworks for land administration in case of the landowner and the homeowner not being the same person.

## II. DRAFT OUTLINE OF THE GUIDELINES

7. The following draft structure is suggested:

### Introduction

#### Part I. CONDOMINIUM ORGANIZATION OF PRIVATE HOUSING IN ECONOMIES IN TRANSITION: PRESENT SITUATION AND NEEDS FOR CHANGE

##### 1.1 Present situation

- Privatization of the housing stock;
- Legal framework;
- Financial conditions;
- Institutional structure;
- Private sector capacity.

##### 1.2 Needs for change

- Legal provisions;
- Financial support for condominiums;
- Transforming municipal institutions;
- Encouraging development of private sector services.

#### Part II. THE MUNICIPALITIES AND CONDOMINIUMS

- 2.1 Clarification of landownership and land registration in condominiums;
- 2.2 Municipal ownership in condominiums;
- 2.3 Municipal housing maintenance organizations;
- 2.4 Transitional arrangements to secure maintenance of condominiums when municipal services are reorganized.

#### Part III. HANDBOOK ON CONDOMINIUM ORGANIZATION AND OPERATION

- 3.1 Rights and obligations;
- 3.2 Organizational units in condominiums and division of responsibilities;
- 3.3 Internal agreements and regulations;
- 3.4 Meetings in condominiums;
- 3.5 Management of common property;
- 3.6 Organization of condominiums: practical steps;
- 3.7 Management routines;
- 3.8 Condominium budget;

- 3.9 Finances;
- 3.10 Operation, maintenance, repairs and improvements;
- 3.11 Practical annexes.

### III. METHOD OF WORK AND TIMETABLE

8. The guidelines will be prepared by a task force (3-4 high-level experts) to be established by the secretariat in consultation with the Committee's Bureau. Representatives of the public sector, local authorities, private sector and professional NGOs will be invited to form an advisory (reference) group to assist the task force in its work.

9. If needed, a questionnaire should be prepared and distributed among ECE countries to collect information and views. To make the guidelines as practical as possible, the task force should preferably meet in one of the ECE countries and hold one-day study visits and/or discussions with local experts engaged in condominium activities. The best use should be made of existing local experience and information. The recent ECE work on country profiles, case studies on urban renewal and housing modernization and land administration guidelines could be used.

10. Timetable of work:

September 1999: Decision of the Committee to implement this activity.

End of October/  
November 1999:

Establishment of the task force and the reference group.

January 2000:

First meeting of the task force to discuss the outline of the guidelines, information sources, distribution of responsibilities, and the timetable of work (preferably in a country in transition to get a better understanding of the existing problems).

April 2000:

Two-day workshop of the task force with the reference group in one of the countries in transition to discuss the draft guidelines.

June 2000:

Preparation of the second draft.

September 2000:

Submission of the first consolidated draft guidelines to the Committee (Only in English).

November 2000:

Submission of the final draft for publication.