

Circumstances Hindering Housing Construction in Tbilisi and Ways to Overcome them

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The work deals with the existing problems of housing construction in Tbilisi and the perspective of their solution. Attention is drawn to the fact that housing construction is the main stimulator of the socioeconomic development of the country. Along with meeting human requirements for living space, it gives rise to the appearance of real estate objects, multi-profile infrastructure of their operation, transmission and communication at the market. At the same time, it leads to a sustained growth of domestic product, the number of employees and wages increase. In spite of this, artificially created regulatory problems hinder further development of the industry, and the state does not adequately respond to the created challenges. The paper discusses the current legal norms for issuing a permit for the use of a specific plot of land for construction, the obstacles related to the approval of the regulation plan for the systematic development of urban construction, as well as other problematic issues of housing construction. © 2023 Bull. Georg. Natl. Acad. Sci.

housing construction, condition of use for construction, urban development systematic development regulation plan, urban development

The construction industry is one of the important directions in the world economy. In recent years, the same trends have been observed in Georgia. Among the branches of economic activity, it occupies the 5th place – according to Sakstat data, in 2017-2021, the specific share of the construction branch in the volume of the gross domestic product exceeded the 8% mark and amounted to: 2017 – 9.2%; 2018 – 8.3%; 2019 – 8.5%; 2020 – 8.7%; 2021 – 8.1%. In the same period, the growth rate varied from 0.05% to 14.5%, and in 2021, the growth compared to the previous year was 13.0%.

In 2021, the volume of products produced in the construction sector amounted to 11.7%, and at current prices it amounted to 11,436.9 million GEL. In 2017-2021, the volume of state investments in the construction industry did not even reach 1%. In fact, construction in Georgia (99%) is managed by the private sector [1].

In such a situation, the main component of the construction industry (65-71%) and the main stimulator of the socio-economic development of Georgia is housing construction. The latter includes design, construction, installation works and for the

implementation of these works creates multiplier relations with almost all branches of the economy, as well as with public organizations. Therefore, along with meeting the population's requirements for living space, it has a global impact on the development of other industries and the rise of the country's economy as a whole. However, apartment construction in Georgia occurs mainly in Tbilisi and Batumi (Adjara), while in the rest of the regions, it develops unevenly. Thus, in Tbilisi the average rate of apartment construction is 67%, in Adjara – 16%, and in the rest of the regions it makes only 17% [2].

In the wake of the development of civilization, the demand for high-quality individual and multi-story comfortable residential real estate is increasing – attention is paid to the location of the house, convenient layout, ecological heat parameters, smooth communications, infrastructural provision. In turn, the consumer is also ready to overpay or take a large loan for convenience. Such an agreed relationship between the user and the builder has a positive effect on the socio-economic development of the country. But the construction sector is very sensitive to economic and political conditions. Therefore, due to the special importance of housing construction, a specific environment is needed for its functioning, the necessary component of which is state regulation. First of all, it is in the interests of the government and therefore, the welfare of the people. "Providing the population with comfortable housing is the main feature of the level of well-being of people, their quality of life, the development of society and the most important social indicator" [3].

In many countries of the world, the state plays a decisive role in the development of housing construction. Although liberal economics does not recognize or assigns an insignificant role to the state in the housing construction market, it performs the functions of forming the rules of this market, ensures compliance with these rules, controls the main and most limited resource without

which construction is impossible – allocating land for housing construction. Its main function and purpose is to adopt sound regulations and create a safe, stable environment. The experience of developed countries shows that the implementation of these functions contributes to the significant growth of the housing market, the solution of social problems and the development of the economy [4].

In Georgia, as well as in other countries of the world, the state supervises construction, establishes regulations and demands their fulfillment. However, housing construction does not receive adequate attention from the state. In the sector of housing construction in Georgia, there are objective and subjective hindering circumstances, but there are also legislative acts that hinder construction processes. There are violations of construction norms, economic crime, biased decisions, etc. Like any other sector of the economy, housing construction is particularly hard hit by the negative effects of flawed regulations and artificially created barriers.

The presence of regulations in housing construction and state intervention in quality assurance processes is necessary. Against the background of numerous violations, it is easy to imagine what chaotic forms or scales urban development would have acquired in Georgia, without state regulation, especially in Tbilisi and Batumi. But it is important to note here that late or excessive intervention also has the opposite effect and can have a devastating effect on the sector. Each of such manifestation requires thorough research and evaluation.

According to the opinion of a separate expert, a large part of the regulations should be repealed. Due to their actions, construction companies continue to operate under unequal conditions, which weakens competition. Immature regulations burden the entire construction sector [5].

The regulation related to determining the condition of construction use creates barriers for construction companies and prevents them from making rational decisions.

To clarify the essence of the problem, we should note that the main basic administrative document in the field of construction is the order to determine the condition of use for construction on a specific plot of land, which St. In accordance... with the regulation of the use and development of territories of Tbilisi Municipality and the general plan of land use of the capital city, upon request, it will be issued by the Municipal Architecture Service or the Architecture Service of the Ministry of Economy [6]. The cascade of barriers originates from the capital's land use master plan. This document is inferior, in fact, it is out of order and does not work, because Georgia does not have a land code, the land market is not regulated, private, municipal and state lands are not separated, their interdependence, as well as registration and land cadastre, are not regulated. However, this is a great problem and should be discussed separately.

Determining the condition of using for construction, as a rule, in its main content, is the fixing of zonally established coefficients on a specific plot of land and the inclusion of other restrictions or municipal requirements in the adjacent territory in one document. The main catalyst for construction planning and determination of profitability is the established conditions of use for construction on the selected specific plot of land (or on the plot of land with a dismantled building). The latter is the most important in the subsequent business planning of land purchase or barter exchange operations, as only the ratio established for a specific plot of land allows construction companies to obtain complete information on the estimated construction volume, create a project outline, make economic calculations and at least roughly calculate the estimated financial profit.

Similar pre-calculations are required for the plots of land put up for auction. Actually, not a single plot of land that is put up for auction or sold has pre-determined conditions for construction use, and therefore, in the case of expressing interest and success at the auction, it is quite possible that the

plot, which has already been purchased will not be assigned the intended purpose. In this case, the general plan [7] already creates a problem, which, according to its purpose, practically gave the construction business the opportunity to easily obtain information in advance about the division by zonal principles. The publicity of the construction intensity in the relevant zones, or the prohibitions at the zonal locations, and based on this, to make decisions. In the idea, the general plan was supposed to ensure the protection of the legitimate interests of the population (neighborhood boundaries), not to allow chaotic, disproportionate constructions, not to limit economic activities, to give the construction business the opportunity to orientate. However, this main document of urban development could not cover the mentioned interests and, practically, in its current form, the negative manifestations from it are more than the benefits.

The zonal principle of the construction intensity (coefficients) established by the general plan cannot be and is not a prejudice, because any plot that does not have the conditions for construction use must be established for it. This is where the "new puzzle" comes into play. In many cases, the municipalities set the coefficients in the conditions of the issued building use to be much lower than the zonally determined ones. It turns out that the construction business should take the conditions of use in advance on the selected plot of land for future development and then decide whether to purchase the said plot or not. However, in this case, the private person who wants to alienate the plot of land does not have the condition of using this land for construction and does not have the right to take this condition before the sale. None of the state-owned plots of land put up for auction have established conditions of use. In practice, there were cases when a construction company bought a plot from the state, but then they did not issue a construction permit on this plot.

It is easy to understand that such a rule and practice only complicates the planning of economic

activities on the plot of land, besides, for the interested person or organization, the purchase of a plot of land without conditions significantly increases the risks. Undoubtedly, such regulations are not initially tested for all possible complications and lead to harmful side effects. Therefore, it is quite logical that such and other problematic issues should become the object of proper study and judgment [7-9].

Thus, we have reason to agree on the following circumstances: the construction sector is one of the main directions in the world economy and in Georgia as well. In the construction industry, housing construction is the main stimulator of socio-economic development of Georgia.

The importance of housing construction for the economy of the country is not given adequate attention and there are faulty regulations and artificial barriers that hinder the development of this sector.

Given the importance of housing construction in the country's economy, it is necessary that any regulation should be clearly understood, pre-studied, evaluated and result-oriented.

The normative documents regulating the use of land for construction should be reviewed. In the current regulation, the risks associated with the intended use of a specific plot of land purchased for construction purposes are high, which complicates the planning of economic activities on the plot of land and prevents optimal decisions in housing

construction. Therefore, in order to effectively manage the mentioned processes in the construction sector of Georgia and to make results-oriented decisions, it is necessary to share the existing international experience, cancel the factors that actually hinder construction, develop and introduce development-oriented legal-normative regulations, including the land code and land cadastre.

It is not allowed that the decisions of municipalities and other relevant state administrative services contradict the conditions passed into law by the Parliament.

The maximum facilitation of economic activity declared by the state should not be hindered by administrative-bureaucratic obstacles and the risks of weakening the capacity of persons involved in economic activity should not be artificially increased.

A temporary solution to this problem is possible even under the existing regulations, if according to the relevant development data of the functional zones, all the conditions including the state land, of use for construction will be specified in advance and the information will be posted on the relevant portal. Moreover, it is important not to interfere with the policy of maximum promotion of economic activity declared by the state to be prevented by the representatives of the administrative-bureaucratic apparatus of different levels.

ეკონომიკა

საბინაო მშენებლობის შემაფერხებელი გარემოებები თბილისში და მათი დაძლევის გზები

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ნაშრომი ეხება თბილისში საბინაო მშენებლობის არსებულ პრობლემებსა და მათი გადაწყვეტის პერსპექტივას. ავტორები ყურადღებას ამახვილებენ მასზე, რომ საბინაო მშენებლობა ქვეყნის სოციალურ-ეკონომიკური განვითარების მთავარი სტიმულატორია და საცხოვრებელ ფართზე ადამიანის მოთხოვნების დაკმაყოფილებასთან ერთად, ბაზარზე აჩენს უძრავი ქონების ობიექტებს, მათი ექსპლუატაციის, გადაცემის, კომუნიკაციის მრავალპროფილურ ინფრასტრუქტურას. საბინაო მშენებლობა განაპირობებს მთლიანი შიდა პროდუქტის, დასაქმებულთა რაოდენობის, შრომის ანაზღაურების სტაბილურ ზრდას. მაგრამ ამ წარმართველი მნიშვნელობის მიუხედავად, ხელოვნურად შექმნილი რეგულაციური პრობლემები აფერხებს დარგის მეტად განვითარებას და საჭიროა სახელმწიფომ მოახდინოს ჯეროვანი რეაგირება შექმნილ გამოწვევებზე. ნაშრომში განხილულია კონკრეტული მიწის ნაკვეთის სამშენებლოდ გამოყენების ნებართვის (გაპი) გაცემის მოქმედ სამართლებრივ ნორმებთან, ქალაქმშენებლობის სისტემური განვითარების განაშენიანების რეგულირების გეგმის (გრგ) დამტკიცებასთან დაკავშირებული შემაფერხებელი გარემოებები, აგრეთვე საბინაო მშენებლობის სხვა პრობლემური საკითხები და ჩამოყალიბებულია მათზე ავტორთა მოსაზრებები.

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