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Multi-unit Housing in Tirana, Albania: The Challenge of Management

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Albania

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Summary

The challenge of this research is to provide a clear outlook of a growing problem that is a major threat to the longevity and quality of the Albanian housing stock. This study is focused on the management of multi-unit buildings in Tirana, Albania. More specifically, this study is focused on the way that the various financial, technical, social, legal and institutional factors affect the current management practice of the multi-unit housing stock, as applied to its equally divided composition of privatized and newer buildings. The researched aimed at both an extensive overview of the issues as well as a comparative outlook between the two building types. A single embedded case study was conducted to assess the impacts of the factors on a purposive sample of multi-unit residential buildings in the city of Tirana.

Similarly to other post-communist countries, a significant component to the Albanian multi-family housing stock is composed of older, poor quality constructions featuring a marked lack of maintenance and dilapidation. The rapid privatization process after the regime change placed the management responsibilities at the hands of newly private owners. Since then, a series of legal and policy documentation has been compiled and approved to inform the way that owners could manage their joint-ownership spaces, with the latest passed in 2009. Despite the breadth of legislation available to them, the law has remained 'on paper' and has found little implementation from the public during these 4 years.

Following the introduction of the free market after totalitarian collapse, the city of Tirana featured a large increase in construction activity. Owning to massive internal migration, the newly built multi-unit housing stock would rapidly increase to the point of surpassing the older stock in 2011. However, this newer stock also features the same lack of endorsement of the law on management. Newly constructed buildings do not plan for the future management of the building, leaving the uninformed buyers poorly equipped to instate a formal management system for their buildings. Additionally, population movements have altered the social composition of the existing buildings, introducing more renters and empty apartments that further complicate the building management issues.

The research reveals that the factors influencing building management differ significantly when comparing privatized and the newer buildings. The differences extend beyond just physical characteristics but include factors such as their maintenance requirements, their social make up and dynamics, as well as financial considerations. Yet, the legal framework provides a 'one glove fits all' solution to the management issue in the country. Municipal institutions seeking to implement the law do not anticipate for these differences. The public was little aware of the law and the obligations of joint-ownership areas, whereas impractical procedures of registration were a barrier to the endorsement of legal management bodies. Strikingly, it was observed that financial consideration did not have a predominant effect in the choice of management, and that management quality does not directly affect the property's value. Awareness for the necessity of management, as well as a desire for transparency, accountability, and fairness of costs were considered as the main contributors towards better building management. Yet, the study found that the majority of administrators are currently acting informally, and that they possess no training regarding their duties.

Targeting these issues should be the primary focus of the relevant policy makers. Awareness campaigns, viable means of training and information, as well as facilitating or subsidizing the registration process are ways that may positively impact the management practices in the city of Tirana. Furthermore, different tactics must be employed to tackle the vastly different contexts of privatized and newer buildings, to ensure that formal, quality management can be endorsed by all.

Keywords: Tirana, privatized, multi-family, housing, management

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Abbreviations

CEE	Central and Eastern Europe
CMD	Council of Ministers' Decision
ECE	Economic Commission of Europe
HOA	Home Owners Association
INSTAT	National Institute of Statistics of Albania
NRC	National Registration Centre of Albania
NGO	Non-Governmental Organization
USAID	United States Agency for International Development
ZRPP	Central Immovable Property Registration Office of Albania

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Chapter 1: Introduction

1.1 Background

Multi-unit housing is a logical outcome of an increasing demand for shelter, at cost-efficient prices, in an overall increasing price of land property markets. From its beginnings as worker homes during the industrial revolution, multi-unit housing has slowly become the major type of accommodation in an increasingly urbanizing world. After the height of expansion of low density cities from the proliferation of the personal vehicle, there is a returning trend to rejuvenate the city centres as new homeowners favour more location based amenities (Berg *et al.*, 2001). Moreover, densification (through the multi-unit dwelling) is seen as a means to prevent the sprawl of cities and improve their sustainability (Jenks and Burgess, 2000). Therefore, apartment buildings are not only an economical solution to housing, but also a necessity if the prevailing environmental sustainability attitude is to be endorsed.

In countries with a communist background like Albania, multi-unit constructions were heavily favoured because they allowed the most efficient provision of housing that supported the 'collective' aspect of their ideology. After their beginnings with loadbearing brick construction, the authorities began to experiment with the new solutions of the modernist era. Of particular importance was the use of reinforced concrete that enabled the construction of higher rise buildings. Prefabricated construction methods were also employed as a means to further lower costs and provide rapid urbanization to meet demand. Up to 60% of these prefabricated panel construction were built after the 1960s. UN-ECE estimates that more than half of the housing stock in the urban area of Albania is composed of this prefabricated panel construction type (Council of Europe, 2004).

Maintenance and management are closely interrelated issues that can be confused with one another. Building management *includes* technical management activities such as maintenance, renovation, demolition or enlargements. It also includes social management, financial management, and sometimes tenure management (Priemus, Dieleman and Clapman, 1999). A simple definition for maintenance is "the process through which homeowners, landlords, and tenants offset physical deterioration in their dwellings" (van Vliet, 1998, p.346). It includes the process of maintaining both the physical aspect (dwelling or parts thereof) and the human aspect (skills and effort) required to support it. Maintenance is difficult to measure in practice as it is often mistaken with other costs of housing operation.

Figure 1: Management Activities

The transition into a capitalist system has been a particularly difficult episode of Albanian history. The employment of the "shock therapy" approach produced a rapid overhaul of the economic structure of the country. Part of this overhaul was the aggressive privatization process of all state owned dwellings. Albania set itself apart from other transitional countries and by the year 1993 had achieved privatization of 99% of the total state-owned housing stock (Hegedüs and Teller, 2003). This impressive privatization rate was facilitated by a symbolic low payment requested in return for privatization. What was also inherited in this process was the culture of state maintenance of their buildings. A particular government entity referred to as the 'Communal' was in charge of the maintenance of the common areas and of the government owned buildings. Virtually everything pertaining to building upkeep was their responsibility, ranging from plumbing, to facade and roofing repairs.

This division of maintenance responsibility transcended the privatization process, even as state management structures were terminated shortly after. These organizations were plagued by lack of finances in an increasing degradation of housing stock and were quickly discarded as an inefficient structure of the communist regime. After their termination, there was a vacuum of professional management companies to cater to the needs of the few owners that were willing to pay for such services (Stanfield, Dervishi and Sherko, 2004).

1.2 Problem Statement

The initial regulations for the creation of condominiums were incorporated in the civil code provision in 1993. This attempt to clarify the transfer of the maintenance responsibilities to the new owners was quietly disregarded by the population. Embedded expectations along with an association of collective organizations with the 'loathed' communist system helped to prevent these regulations from being endorsed. Neighbours would collect emergency funds only when defects would be impossible to ignore. *Ad hoc* solutions to cleaning of common areas or electrical repairs became the norm, as owners of the top floor were often forced to bear the cost of roofing repairs. The result was an uneven distribution of repair costs according to individual initiative or necessity.

Apart from the changing type of ownership owing to privatization, Albania also features a rapid emergence of new housing stock that has created other problems regarding building management. Newer buildings are also not adhering to the implementation of condominium organizations. Builders often declare and sell the percentage of the common area as relative to the apartment, but do not clarify the share of the particular unit towards building maintenance. The certificate of ownership issued by the registration offices only indicates the area privately owned by the landlord without any reference to responsibilities to joint ownership spaces.

The large population movements and migrations have created a substantial renting market that further stresses maintenance issues. The owners of these apartments are often abroad, or not easily found, and the renters do not feel responsible for building repairs and maintenance.

In 2009 law no. 10 112 was passed that outlines the administrative regulations regarding areas of joint ownership in multi unit housing. In the four years that have elapsed, there has been little to no change in the way builders or owners manage these areas. Although the legal framework exists there has been difficulty in implementing these new measures. Reasons for such a neglect range from lack of initiative, unwillingness to change the two decade old established practices, fear of a larger monetary commitment, and fear of 'scaring' new buyers away from the purchase (Stanfield, Dervishi and Sherko, 2004).

The deterioration of the housing stock (and its consequential devaluation) is the most observable result of the (poor) building management practices currently in effect in Albania. Other issues arising from such practices directly affect the quality of life as well as the safety of the inhabitants of these buildings. While the management of single family dwellings is a more straight forward matter, in a multi-unit setting, the complexities arising from the interaction of the rights and responsibilities of different owners and co-owners complicate the problem further.

The 2009 law is the third attempt of the policy makers to regulate and establish an effective legal and institutional framework for multi-unit building management in Albania. However, it appears that the situation in the terrain has not reflected these attempts. Moreover, it seems that any building managerial initiative is not necessarily influenced by these positive government externalities but rather by some internal factors within particular apartment buildings. The reasons for the permanency of the management problem remain unclear, or if some causes may be stipulated, their relative influential strength to the resulting problem is unknown.

> *Managing the housing stock is among the main challenges for the policy makers in South Eastern Europe (COE Bank, 2004: 14)*

Therefore, the challenge of the research is to provide a clear outlook of a growing problem that is a major threat to the longevity and quality of the Albanian housing stock. Albania's particular context of regime change and mass migrations has created two different multi-unit housing types, privatized and newer built construction. Factors such as age, dilapidation, quality of construction and social composition differ vastly between these two buildings types, but the legal framework and relevant institutions do not account for these differences, pursuing a universal strategy that targets the whole multi-unit housing stock. The problem of building management is therefore more complicated than the existence of a legal vacuum or the lack of enforceability. When considering both privatized housing and newer built construction it becomes clear that a more extensive, multifaceted exploration of the issue is required.

1.3 Research Objective

This research is centered around the different variables contributing to quality and effectiveness of the building management practices in Albania, more particularly the differences of these variables as applied to the two privatized and newer built multi-unit housing stock. To properly assess these variables, a thorough outlook of the different facets of building management need to be researched and evaluated according to performance criteria. The performance criteria and standards will be gathered from statutory regulations and international literature on the subject.

Therefore, the overall research objective is to identify the technical, social and financial factors and explain the manner in which these factors affect the current building management practices of privately owned stock in Albania. This comparative study will evaluate whether privatized old stock and new built construction feature significantly different factors and whether that difference contributes to a change in the management practice for these two building types under research.

1.4 Provisional Research Questions

1. What are the technical, social and financial issues that affect building management of multi-unit buildings in Tirana?
2. Are there and if so what are the differences in the management challenges faced by privatized housing versus new build construction?

1.5 Significance of the Study

Due to the focus on the more pressing problems of housing, such as informal settlements, privatization process and social housing in Albania, there has been little research done in Albania regarding the maintenance of multi-unit housing. The only glimpses of the situation come from UN studies that are aimed towards an assessment of the privatization process and its subsequent problems common for CEE countries. Pojani's (2011) research on building maintenance describes how the establishment of the new law for the maintenance of apartment buildings has had little practical effect regardless of its provision for the mandatory establishment of condominiums for all multi-unit buildings. This study expands on that research and involves a more holistic approach to determining the reasons for the current building management situation in the city of Tirana. In a more international scale, owning to the constant urbanization as well as the latest housing trends, multi-unit housing management issues have been actively discussed and recognized as requiring careful deliberation, especially if applied to privatized housing (Tsenkova, 2009; Gruis, Tsenkova and Nieboer, 2009; Soaita, 2012) or high-rise construction (Blandy, Dixon and Dupuis, 2006; Yau, 2009).

The research expands on the current body of knowledge regarding the composition and features of the multi-unit housing stock in the city of Tirana. This information might be useful for central and local government in reviewing the effects of its policies regarding building maintenance. The international literature review and comparative elements may provide a better understanding of future developments to be expected in this field, and whether the current legal and institutional framework is appropriate for the sector's growth. Professionals in the building and management industry may employ the findings to adapt their services and better address the demand in this sector. The study helps to draw attention to the management challenges faced by owners of both privatized and newer built housing in the city of Tirana. Drawing from this initiative, the thesis may be used as a stepping stone for further research aimed at providing country wide information on the issue, or in providing more in depth analysis for a particular part of the stock.

1.6 Scope and Limitations

While the research is targeted for the country of Albania, it will be very difficult to provide a comprehensive overview of the housing situation for all of the country. Some areas enjoy steady growth, others are marked by decreasing population, while the coastal regions feature seasonal occupation. However, the capital city of Tirana is the most problematic as it features the greatest concentration of an equally split privatized and newer multi-unit housing stock. The city is characterized by the most diverse social make-up in the country, complicating the mismanagement issues beyond purely financial or technical reasons. These reasons, along with time constraints for this research require that the findings be limited to the region of greater Tirana featuring an even mix of privatized multi-unit housing and newer apartment buildings. Extrapolation and assumptions may be made for the remaining housing stock of the city only by adhering to this categorization.

Chapter 2: Literature Review

2.1 Introduction

Management of multi-unit buildings has been a topic of discussion and is generally regarded as the most cost-effective and practical way to maintain the quality of the housing stock, and increase its longevity (Zavadskas, Bejder and Kaklauskas, 1998; Tsenkova, 2006; Yau, 2009). However, the majority of the literature focuses on particular aspects of management, often de-contextualized from other variables. Townley (1994) points out that management studies have been criticized because they depict management as a static entity that is universally applicable in structure. Moreover, the focus on management functions within an organization distorts the study towards a structured, pre-determined view of management, which is thus "already presaged in the analysis." (Townley, 1994: 221)

It is thus the aim of this chapter to provide a more comprehensive representation of the different facets of multi-family building management. The discussion begins with an overview of the nature of ownership and the way this gives rise to different form of tenure. The type of tenure in a particular building will be a determining factor in the legal and social relationships informing the management mode (Sweeney, 1973). After an overlook of the various existing management types, the chapter will discuss the various facets of building management as categorized by Priemus, Dieleman and Clapman (1999) into three groups; technical aspects, financial aspects and social aspects. The analysis will take into consideration the particular contexts of the literature, especially pertaining to differences between post-socialist countries and other 'western' countries that feature different approaches to privatized housing and a different institutional framework (Gruis, Tsenkova and Nieboer, 2009; Blandy, Dixon and Dupuis, 2006). In conclusion, a discussion regarding the characteristics of privatized and newer built construction informs the differences influencing management of these respective housing buildings.

2.2 Property Rights and Tenure Types

The nature of private property has been an important topic of discussion and is seen as a crucial component in the organization and functioning of a society. The general confusion regarding its definition from the early philosophers arises from the apparent direct link between the individual and the item of property. This view is rooted in the natural law theory that property rights are a part of 'general rights' arising in nature as a fundamental aspect of human existence (Waldron, 1985). In a multi-unit housing context, the concept of private property is overlaid by the existence of common property areas as a necessity for the existence and well functioning of this dwelling type. Different cultural and legal contexts across nations provide for variations in the distribution of these rights and their substance. Ruonavaara (1993) takes a moderate constructivist view regarding housing tenure by dividing them in two levels; a general ideal type based on the necessary aspects of the different types of tenure, and the locally or historically specific forms. She identifies three types of ownership based on the extent of the owners rights; individual ownership, shared equity and collective. In the shared equity type, individual owners also collectively own some of the areas of the building, while in the collective type the community holds the full ownership rights.

On the other hand, the positivistic law theory bases the definition from a legal perspective as rights among people that concern particular things. It is common to refer to these rights as a metaphorical 'bundle of sticks' that help to define the set of rights or restrictions placed on the owner or on other people (Blandy, Dixon and Dupuis, 2006). Kirkpatrick (1997) draws the important distinction between rights to exclude, rights of use and rights of transfer. This is particularly important regarding shared property where joint-ownership spaces feature usage rights but no rights of exchange. This is also the case for leasehold/rental situations. Another important right as part of the ownership bundle is the right to manage, including both the powers of contracting as well as the powers of control. These powers of contracting are particularly applied to management companies that hold a commercial interest to the management rights of owners (Blandy, Dixon and Dupuis, 2006).

Gruis *et al.*(2005) outline examples where the bundle of ownership rights can be adjusted to offer innovative housing tenure options. *Discounted ownership* is an incentive implemented by Dutch housing associations to offer housing at discounted prices with longer-term credit with the condition of sharing the capital gains(or losses) of the unit upon subsequent sale (if it is being sold to the market) or with the duty to resell the unit back to the association. *Divided property* refers to a situation where the interior of the unit is bought while the exterior structure(shell) is leased. *Forms of financing* is the third type of innovation where the tenant is given time for reflection of purchase while maintaining tenancy status (Gruis *et al.*,2005).

2.3 Management Solutions to Multi-Unit Housing

Arising from the collective nature of this housing type, two main institutional solutions have been created to address issues of management of these communal spaces. The shared equity type of tenure is embodied by the condominium, while the collective type of tenure by the housing cooperative. Housing cooperatives predate the condominiums, but due to several factors the condominiums have been on the rise and have overshadowed cooperatives as the globally predominant type of multi-unit management type (Hansmann, 1991).

2.3.1 Management Institutions under Communist Regimes

Building management practices of post-socialist countries in south eastern Europe are significantly influenced by the inherited policies of the communist system. Drawing from a background of state-control and state provision of housing, the management institutions of the time were in charge of maintaining every aspect of the buildings, from utilities to the exterior public areas. These management companies were very large, relying on economies of scale for their functions. There was little differentiation regarding the quality of service or the fee amounts because the policies were set on a national level. A lack of resource recovery and accurate costing made these organizations economically dependent on subsidies and transfers from central government for their operation (Hegedus *et al*, 1996).

In Albania, maintenance responsibilities fell upon a municipal organization referred to as the *Komunale*. Its functions involved the day-to-day maintenance of the buildings and surrounding areas, major repairs and the collection of utility bills (Stanfield, Dervishi and Sherko, 2004). The various professions related to building maintenance such as plumbers or electricians were no longer privately contracted but became employees of the organization. They were also imposed norms of quantity of repairs, placing an emphasis on speed rather than quality of service.

The major issues with this system was the lack of competition for the provision of maintenance services, lack of owner control over quality of services, deferred maintenance

due to missing reserve funds, and a lack of cost recovery mechanisms for financial sustainability (Tsenkova, 2009). This legacy of a centrally controlled management institution that largely relied on subsidies had significant consequences for the building management sector in Albania for decades to come.

2.3.2 Cooperatives

Housing Cooperatives are based on a collective legal ownership of the building where the tenants own shares in the corporation that holds the title deed of the building. Their shares are in proportion to the surface area of their dwelling in relation to the total surface area of the building. The tenants then partake in a proprietary leasehold agreement to lease their respective units. The tenants are thus their own landlords. This 'lease' paid to the corporation is used to pay for the building's operation, upkeep, repairs and taxes. The shares in the corporation, along with the lease, hold the appropriate monetary value of the particular unit just like in a condominium and can effectively be sold or bought in the market (subject, however, to approval from the board). The similarities to the day to day operation of these organisations dissolves only during critical legal events such as transferral of ownership or acquiring a mortgage. (Hansmann, 1991)

The success of the two organizational types of multi-unit management has been deemed differently in different countries. The housing cooperative is portrayed as a more inflexible type of tenure with a more interlinked set of legal rights and responsibilities that, at least theoretically, lowers the value of the property in comparison to the condominium type (Schill, Voicu and Miller, 2004). Cooperatives are governed by a more complicated set of rules that can noticeably increase the amount of tenant's time required for meetings and internal organization. The joint ownership of the corporation exposes the whole of the members to the liability of mortgage. To prevent possible negative externalities between the tenants, a new tenant is screened by the board, which in turn complicates, at the least procedurally, the transfer of the property. These difficulties have attributed to the proliferation of the condominium form against the cooperative form.

2.3.3 Condominiums

Condominiums consist of the tenants' individual ownership of their units while also having joint ownership of the common aspects of the building. These aspects extend beyond common spaces such as corridors and elevators to include the facade, roof, exterior areas and technical equipment that directly support the well-functioning of the building. The individual title deed for each unit gives the freedom to exercise the property rights alike the individual dwelling type, allowing for flexibility of transfer (Schill, Voicu and Miller, 2004).

Due to it's global wide spread use, the condominium legal structure features variances according to the background of particular countries. Alterman (2010) describes how these various legal structures can be categorized into the 'simple' and 'enhanced' law types.

Simple condominium laws are exemplified in countries near the Mediterranean or other parts of the world where the majority of multi-unit building consist of lower height walk-up apartments. This type of law consists of the bare necessities required for the well functioning of maintenance operations to prevent building degradation. The set up does not require the creation of a separate legal entity such as an association, but involves the only two steps of registering the building with the appropriate state institution, and of outlining the two or more units that are included in such a building. The law provides the members with the authority to hire professional staff, perform cost sharing of maintenance costs, and take legal action

against defaulting members. The general assumption is that the members will self-manage the building (Alterman, 2010).

Enhanced condominium laws such as the ones in North America include the basic aspects of the simple type but also cater towards solving problems of free-rider syndromes and protecting the building from the typical market failures inherent in condominiums. The first major difference is the requirement of form a non-for-profit corporation that has the ability to carry real estate transactions. Estimates of future expenses must be clearly outlined to new buyers, yearly approved by state regulatory authorities, and deposited in a 'reserve' account to offset problems of capital expenditures in lump sums. The biggest difference between the two law types is the extent of the power bestowed for purposes of enforcement. The enhanced law allows the managing association to penalize (on sale) or even sell the unit of the defaulting tenant to secure the owed funds for the management of the building. Apart from cases of severe economic crisis, these security measures have proven successful in minimizing the free-rider problem and assuring proper asset maintenance (Alterman, 2010).

The enhanced condominium law appears as the best solution to the inherent problems in the management of common spaces. However, it appears that the application of such a complicated and lengthy set of regulations will increase the cost (both in time and monetary) of managing these associations. When dealing with the different cultural and legal context of Albania the application of these rules is highly contingent on the social acceptability of such harsh enforcement measures, and the legislation may not be implemented in practice.

2.3.4 Management Types

Building management practices can be categorized according to involvement of the owners or residents in the management of their building. The academic discussion is often focused on the impacts of owners/residents self management versus third party management agents (Sirmans *et al.*, 1999; Rosenberg and Corgel, 1990). A theoretical framework of their differences can be drawn by basing the argument on the dichotomy between decision management/implementation and decision control/making (Yip, Chang and Hung, 2007). Table 1 provides an overview of the different modes available. A direct labour management mode infers the use of third-party contractors for various tasks. Delegated control is an implausible mode as owners are unlikely to surrender decision control and is thus regarded as impractical.

Table 1: Typology of mode of building management

Decision Management (implementation)	**Decision Control (Decision Making)**	
	Owners	Independent Agents
Owners	Owner Managed *(Self Managed)*	Delegated Control *(Implausible)*
Independent Agents	Direct Labour *(HOA with outsourcing)*	Third Party managed *(Management company)*

Source: Yip, Chang, and Hung, 2007

The resulting forms are thus either self-management (with or without HOA); an HOA with outsourcing; or third party managed. Yip, Chang and Hung (2007) empirical findings suggest that the most important variables affecting management mode are house prices, age of building, and occupant density (tentatively community cohesion). The result is that owners

prefer third-party management or direct labour mode only if the opportunity costs of dealing with complex management tasks are too high. Thus, in a small building self-management will be preferred unless the residents are wealthy and own pricy homes. Complexity of the management duties, as measured from the proportion of communal floor areas, did not accurately indicate mode of management, and the researchers requested further studies regarding this aspect.

2.4 The Three Facets of Management

According to Brazell (1992), building or property management is recognized as a necessity for extending building life and ensuring the safety and commodity of the occupants within the building's lifetime. It originates from the concepts of management applied to companies or organizations as the manipulation and use of available resources and innovation to accomplish specific goals of an entity or organization. Building management falls under the rapidly expanding umbrella of facilities management. Facilities management is characterized by its own difficulties of definition simply because of the breadth of topics it addresses. Focusing more on commercial and large scale establishments it deals with the coordination of space, people and services and its interdisciplinary activities range from the mundane to the complex services of outsourced catering and security (Chanter and Swallow, 2007).

In our chosen context of a residential setting, the complexity of building management is dependant on the size of the undertaking, ranging from self-management to professional services relying on the concept of economies of scale. Whichever the case, housing management is composed of three facets; technical aspects, financial management and a social dimension (Priemus, Dieleman and Clapman, 1999; Davies, 1992).

2.4.1 Technical Aspects

Technical aspects of management receive most of the attention of the parties involved because they represent the most tactile aspect of service provision. Design and durability of construction form a determining factor in the eventual ease or difficulty in performing these duties, because they directly affect the maintenance requirements for the building. According to the quality of the building (or its degradation) the size of the initial investment may become a substantial obstacle in establishing a sustainable management organization. Moreover, in our current context of both socialist housing (pre 1990s) and newer buildings (post 1990s), the initial condition of the building is the most obvious differentiating factor.

Quality and Dilapidation of Construction

Building management decisions are generally dominated by the existing conditions of the building (Yau, 2009). The main contributors to such a state are the original quality of construction and the dilapidation arising from lack of maintenance or aging. A poor quality of construction will obviously require a higher amount of maintenance much sooner than better quality construction. This is particularly important in post-communist countries like Albania where there was a significant technological leap in the construction industry after the regime change. Government built housing catered mostly to quantity and speed of construction rather than technical or design quality (Tesenkova, 2009).

Dilapidation is the natural result of an aging structure if proper maintenance is not carried out. The age of a building becomes an important criteria in managerial decisions because the average maintenance and repair costs generally increase with building age, often in an non-linear trend (Yau, 2009).

Knight and Sirmans (1996) empirically demonstrate that poorly maintained properties depreciate much faster than well maintained properties. Its effect can extend beyond a depreciation in the value of the property by also encouraging vandalism and further degradation as described by the 'broken windows' theory (Wilson and Kelling, 1982). Therefore, lack of maintenance can increase the rate of dilapidation and make it more costly and more difficult to perform maintenance services.

Defining Maintenance and Maintenance Types

Maintenance is a crucial component in increasing the building lifetime, but it differs from mainstream construction, as it is a minor, discontinuous process, mostly performed manually (Zavadskas, Bejder and Kaklauskas, 1998). Seeley (1976, cited in Lee and Scott, 2008: 270) provides a more comprehensive definition of building maintenance as;

> *work undertaken in order to keep, restore or improve every part of the building, its services and surrounds, to a currently acceptable standard and to sustain the utility and the value of the building.*

This definition introduces the concept of value to the object of maintenance. Sustaining value infers that upgrading of the building aspects to prevent it from becoming outdated is also considered as part of maintenance. Alterman (2010) provides a division of required maintenance into four levels depending on the frequency of action required:

Box 1: Four levels of maintenance

i) *On-going maintenance* consists of routine activities such as cleaning the communal areas, gardening, minor repairs or replacements. This category is the most visible and as such any neglect will be quickly noticeable by the residents.

ii) P*reventative upkeep* is required every few years to maintain the operation of structures and machines such as elevators or water pumps.

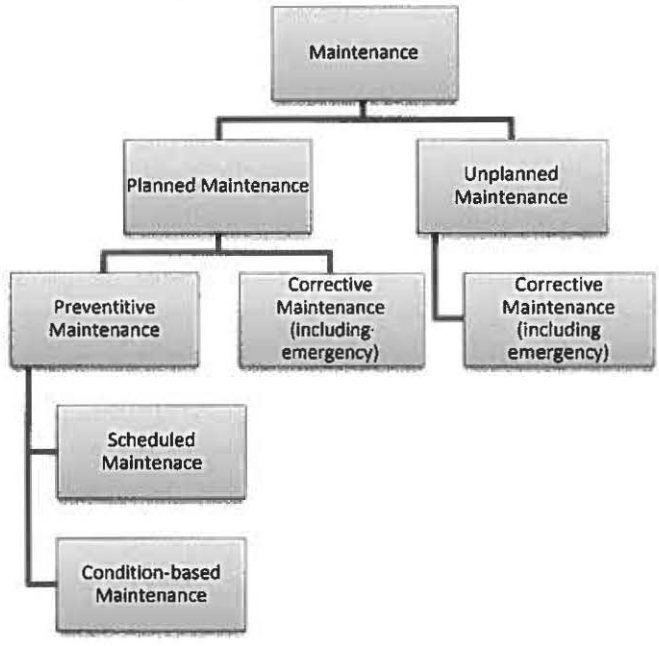
iii) *Periodic replacements* of structures, machinery and exterior shell elements require ling term planning. In more lassez-faire types of management, with simpler condominium laws, or when tenants are unable or unwilling to establish a reserve fund for this category, replacements are usually dealt with in an *ad hoc* manner, often being described as emergency repairs.

iv) *Renovation and upgrading* may be needed to reflect the higher housing standards of the marketplace. This level refers to larger scale undertakings that are not only highly noticeable by the residents, but also much more rarely done. One of the reasons for this is the long-term financial planning required that sometimes exceeds the occupancy of the original owners, presenting only an interest in passing in such upgrading.

Source: Alterman, 2010

Another categorization of maintenance types relies on the planned versus unplanned and the corrective versus preventative dichotomies. Figure 2 shows the hierarchical breakdown of this approach. The idea rests on reducing the demand for maintenance by identifying the causes of breakdown or degradation and the methods of addressing such causes. (Horner, El Haram and Munns, 1997; Chanter and Swallow, 2007)

Figure 2: Hierarchy of Maintenance Types



Source: Chanter and Swallow, 2007

This categorization facilitates the employment of decision making strategies to achieve the most cost-effective solutions to maintenance duties. It also requires the establishment of performance indicators to properly assess the type of maintenance required. In the following section, it becomes clear how the financing structure and resources is a crucial determinant in the application and choice of the different types of maintenance outlined.

2.4.2 Financial Aspects

The general drive is to reduce the maintenance costs of the housing stock. Short from performing no maintenance work at all, the general approach is to do as little maintenance, as infrequently as possible while upholding the necessary legal, health and safety requirements and ensuring both the stability of the property's value as well as the availability its services. Thus, the financial aspect of building management is usually the determining factor of the amount of maintenance accomplished. Moreover, due to the different players involved, and the chronic shortage of resources, there are differences in perspectives regarding priorities in maintenance. For example, in a leasehold situation, the landlords are primarily concerned with maintaining the value of their housing stock, while the tenants are more motivated with assuring a good quality of living. These discrepancies can create contested decisions of expenditure allocation. The importance (and difficulty) of financial management increases with longer term maintenance, which is often neglected or poorly accounted for in an HOA's annual budget (Dunlop, 1992).

Budgeting

Budgeting is an essential component of financial management, and it often drives the periodical maintenance plan. The simplest budgeting style relies on previous year's records, slightly modified based on inflation or occupancy changes that inform predetermined programmes or planned maintenance. If there is lack of historical information, a stock condition survey or a state provided formula is employed to calculate the required

maintenance budget of the building. These methods are unsatisfactory because they do not accurately reflect the particular temporal or situational maintenance requirements of the building (Lee, 1987; Dunlop, 1992). Maintenance is not applied according to actual requirements, but is thus dictated by the fiscal policies of the previous years or predetermined templates.

Horner, El Haram and Munns (1997) offer a systematic framework for selecting the most suitable maintenance strategy for every individual component of the building. More akin to zero-based budgeting, their proposal requires the careful listing and assessment of the differing components which are in turn individually budgeted depending on the maintenance category they fall into. Similarly to the hierarchy described in figure 3, they outline three maintenance categories; corrective maintenance, preventive maintenance and condition-based maintenance. The way that individual building items are then categorized into their respective categories is dependant on the failure consequences of each item in the building and the difficulty and cost of monitoring. Thus, corrective maintenance would be applied to non-significant items, and significant items whose condition cannot be monitored, where the cost of corrective maintenance is less that the cost of preventative maintenance. Preventative maintenance can be applied to significant items whose condition cannot be monitored or is too expensive to monitor, or where the cost of corrective maintenance is higher than the cost of time-based preventative maintenance. Condition-based maintenance is suitable for significant items whose condition can be monitored cost effectively and where the cost of condition-based maintenance is less than the cost of applying corrective maintenance. The result is the application of an appropriate maintenance strategy with the least required expenses per item to generate the most accurate and unique annual budget requirements.

Affordability and Willingness to Pay

The other side of financing management deals with revenue creation. While expenses are more directly linked to decision making and thus more clearly managed, revenue is subject to the willingness or ability of the occupants to generate such revenue. As such it becomes a problematic issue especially with low-income or social housing estates.

Literature on establishing maintenance affordability criteria is overshadowed by the housing affordability discussion. By packaging maintenance costs within total housing costs, a more thorough representation of housing expenses will contribute to a more accurate representation of affordability. It is important to distinguish between *indicators* as being the empirical measurement between things and *standards* as being normative values that an indicator should or should not meet (Baer, 1976 in Stone, 2006).

The oldest, most well-known indicator of affordability is the ratio approach which compares the household income against the housing expenses. The standard for affordability ranges between 20 to 30 % of housing costs per household income and expenses higher than these are arbitrarily considered to be not affordable. This approach has come under criticism due to the justification of the standard established, and due to the misrepresentation of affordability in relation to capital income. A 30% expenditure becomes more unacceptable when lower income levels are used because the bare cost of living does not change (Heylen and Haffner, 2010).

To bypass this criticism a residual income approach can be used that removes the total housing expenses from the household income and then compares that value to a standard of minimum affordability (Stone, 2006). In the ratio approach a high income household with 30% housing expenses might mistakenly be considered to have affordability problems. Thus,

the residual income method allows for a more clear representation of household income groups.

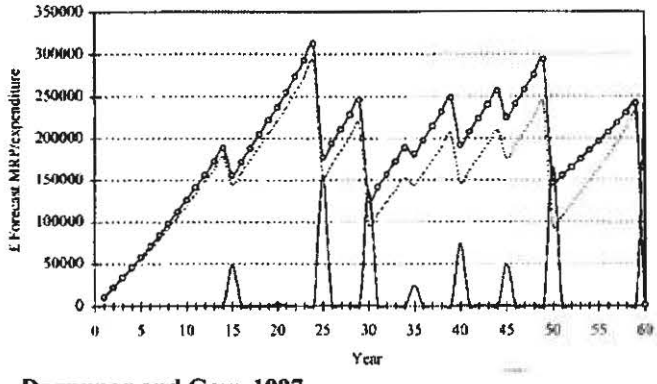
However, the definition of affordability should extend beyond the quantitative relationship between income and expenses. Standards for quality or reasonability should be included that inform what kind of price would be acceptable for the level of service or good provided (Freeman *et al*, 2000, in Heylen and Haffner, 2010). This benchmark is often set by statutory regulations, available resources and market dynamics (competition) which makes it highly contingent on the location of the study (Lee and Scott, 2008).

The acceptability regarding the reasonability of the cost per quality is an important factor that determines the owners' willingness to pay. Yet, in post-communist countries, this factor is often eclipsed by the inherited expectations of management responsibilities (Tsenkova, 2009). In Albania, close to five decades of a dependant relationship between the residents and the government changed the way people though of and participated in building management. Through provision of all the necessary servicing needs, the government conditioned the public into a passive role regarding maintenance, requesting little from them, but at the same time relieving them of any decision making influence. As these expectations carried into a pluralistic system they translated into a lack of willingness to cooperate or pay for services. Moreover, as in many transitional economies, the now new homeowners were faced with increasing costs of utility expenses that left little financial resources for building maintenance and upkeep (Soaita, 2012).

Financial Support Mechanisms

A solution to the large financial burdens arising from third and fourth type of maintenance (See Box 1) is the creation of a reserve fund. In a home management setting, it represents the personal management of a savings account to offset large anticipated payments arising from maintenance requirements (Bowles, Dagpunar and Gow, 1997). Their creation is an attempt to counter the general trend that maintenance is carried out mostly by what is afforded and not what is required at the time. Figure 3 shows an optimal cash flow of revenue collection and periodical expenses throughout the life of the building (including demolition). The creation of a reserve fund is a legal requirement and employed in many countries to preserve the financial stability and reliability of the HOA (Blandy, Dupuis, and Dixon, 2010).

Figure 3: A cash flow of a reserve fund



Source: Bowles, Dagpunar and Gow, 1997

On the other hand, loan availability for HOAs is more limited, but legislation in *enriched* law countries such as the United States of America allows for such a transaction (Leeds and Miller, 1999; Casey and John's, 1973). However, this type of reverse mortgage is less popular due to potential pitfalls, and HOAs rely on the reserve funds to cover anticipated expenses (Baze, 2010).

2.4.3 Social Aspects

Management can be seen as "getting results through people" (Stewart 1986, cited in Brazell, 1992: 86). The social dynamics in a management structure are inherently composed of power relationships and structures between the different players involved. Focaultian discourse of power provides an important framework to explore the issues of power relationships in institutional arrangements (Jacobs & Manzi, 2000). The methodology relies on a relational idea of power, where a power structure is not hierarchical but interdependent and diverse. These organizations are therefore laden with range of struggles over influence and dominance. Therefore, housing management in particular is intrinsically linked to the social relationships established between the different actors as well as the social issues arising from cooperation of such players and the enjoyment of common goods.

Social Dilemmas of Common Spaces

Social dilemmas are the underlying reason why it becomes necessary to manage common spaces or resources. They stem from the idea that individual rational decisions can lead to collective irrational outcomes and as such have been a prominent topic of research to explain problems of cooperation. Social dilemmas come in many forms but they can be grouped into two categories, two-person dilemmas and N-person dilemmas, where N refers to a number greater than two. The most famous N-person dilemmas are the 'Public Goods Dilemma'(social fence) and the 'Tragedy of the Commons' (social trap) (Kollock, 1997).

Public goods are goods that everyone may benefit, regardless whether they have contributed to the creation of the good. An important characteristic of a public good is the fact that they are *non-excludable* or at least the exclusion of such goods can be very difficult or costly (Ostrom et al. 1994). Public goods can be either *non-rival* or *subtractive*. Non-rival goods mean that one individual's enjoyment of the good does not diminish its availability to the others, for ex. public television or public parks. Subtractive goods refer to the reduction of that particular resource for each subsequent use, for ex. fishing or logging (Kollock, 1997).

Hardin (1969) described the tragedy of the commons where the accumulation of individual use eventually leads to a reduction of the public good. The logical decision to benefit the most from the services while bearing the least personal cost (because it is shared) of maintaining these services will be replicated until exhaustion. His solution was a gradual reduction of the commons, or limited access. This conclusion was based on assumptions of uncooperation, mechanical decision making without the ability of long term planning.

Thus, the basic difference is that, "Public goods dilemmas concern the production of, and commons dilemmas involve the use of, a joint good from which it is difficult to exclude others" (Kollock, 1997: 191). Public goods such as shared amenities or joint ownership rights create inherent problems of degradation. However, from this analysis of social dilemmas it becomes clear that the issue of building management is a social fence and not a social trap. The problem is not the exhaustion of these resources but rather the problem of resource provision. This type of problem gives rise to the "loafer" concept of individuals that make use of a resource without contributing to its upkeep.

Olstrom (1990) astutely assesses that individuals are only stuck in these social dilemmas if they forgo communication or entrench themselves in their perceptual bias. A way to counter these problems is through the strengthening of the housing institutions and implementing control factors such as accountability, enforcement and sanctions. However, this can lead to moral hazard and second order social dilemmas which place the individual owners at a fragile position (Soaita, 2012). "Homeowners associations are based on a negative attitude that you

can't trust your own neighbours"(Rich, 2003: 1). There are examples where associations hold large legal power over individual owners and can at times employ strict rules and obligations to the point of foreclosure/expropriation.

In a zero sum game, the gain of one member is the proportionate loss of the other. Another way of escaping these social dilemmas is to turn a zero-sum game in a non zero-sum game. Altering the rules of the game, or artificially change the incentive ratios, individuals can create collaborative institutions to generate solutions to benefit them all.

Social Construction of Management

Although traditionally studied from a positivistic viewpoint, recent social constructivist epistemology has been influential in the understanding of management theory (Jacobs and Manzi, 2000). Constructivism frees researchers from predetermined assumptions regarding management by understanding that it is based on various contested suppositions. Social 'facts' are contingent and are often subject to conflict and reinterpretation, but that does not imply a relativist position. Constructivism furthers the idea that "management in both its role and structure, is not 'given' but evolves out of structured practices, constructed through processes which, over time, modify and reinforce institutional arrangements" (Townley, 1993: 236). Change and adaptability in a management structure is important to the survivability of the organization but these ideas are resisted when it comes to management associations (Belcher and Blantern, 1992). Thus, it is argued that the task of housing management is socially constructed by those involved in its practice, and that this has been a continually developing process.

Franklin and Clapham (1997) reinforce the idea that a more fruitful viewpoint to understanding building management stems from an understanding of its 'social construction'. There is a tendency to view building management from a procedural level regarding the functions performed, rather than the relationship with other social and policy issues. An intrinsic component of such a view is the concept of 'embeddedness'. It helps to contextualize the building management issues as well as to understand the wider effect of policy decisions and the importance of power relationships and values rooted in the larger scheme (Haworth and Manzi, 1999).

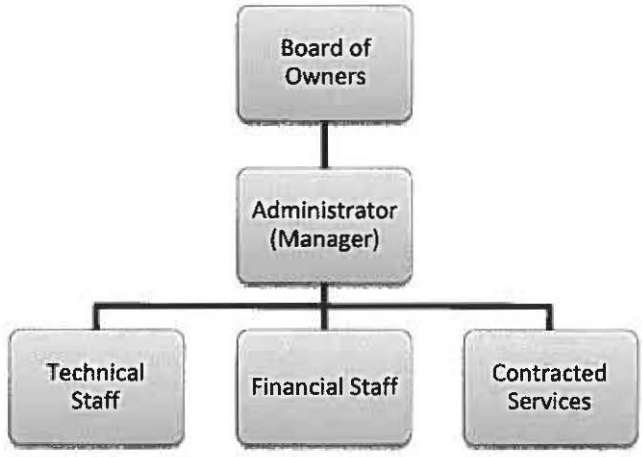
The organization's culture as expressed in the common values, standards and behaviour of the people involved in building management is an important variable to management form and quality (Gruis, Tsenkova, Neiboer, 2009). Thus, an organization's success is dependent on the overall predisposition of the organizations' culture towards successful cooperation, but also whether such cultural values are commonly shared across the members. McClintock and Liebrand (1988) show that individuals with different value orientations behave differently when confronted with the same problem. In this light, social make-up may become a determining factor for the success of a particular organization. Communist governments in the region regulated housing provision in a way to achieve a balanced social mix of tenants in an attempt to create homogeneity and unity. Following large scale privatization and mass migration, many apartment buildings featured a diversifying social-economic mix of owners, stimulating contrasting opinions on how building management should function (Soaita, 2012).

The Central Role of the Administrator

In a smaller residential setting, building management is usually limited to a set of responsibilities to one or a few individuals. These building managers are in charge of working with the owners (or board of owners) to successfully manage, repair, and administer the different aspects of property upkeep such as budgeting, collections, maintenance contracts

and stakeholder communication. However, apart from getting results and achieving their determined tasks a good manager should uphold other leadership qualities such as building a positive team and taking care of individuals (Brazell, 1992). Numerous studies have been conducted regarding the best leadership qualities for managers. It is obvious from the typical structure of housing organizations (Figure 4) of the importance of the role of administrator. In certain countries the "administrator's honesty, communication skills and 'big voice' became as important as his pragmatic, financial and juridical expertise" (Soaita, 2012: 1026). On the other hand, Townley (1993) describes a 'reification' of managers where they may be inaccurately seen as obtaining expertise, skills and knowledge not available to other players.

Figure 4: Structure of a simple Housing Management Organization



Occupant participation and co-operation are considered crucial for the efficacy and success of long term management and operation (Bougrain, 2009). A good manager, not only keeps the owners informed and updated but also facilitates their participation and cooperation. Aside from collecting arrears and being involved in community aspects, participation is particularly important when it comes to decision making.

Participation

Participation came to the forefront of public policy attention when Arnstein (1969) discussed the connection between participation and citizen power. She also outlined the spectrum of participatory types ranging from non participation (manipulation, therapy) to tokenisms (informing, consultation) to citizen power (partnership, delegated power). However, we must be careful not to regard higher levels of participation as beneficial for all situations.

Figure 5: Adaptation of Arnstein's ladder

Citizen Control	Tenants and Owners have a right to make decision on a full range of issues
Delegated Power	Tenants and Owners have genuine opportunities to make some decisions
Partnership	Tenants and Owners have genuine opportunities to influence decisions
Consultation/Placation	Management seeks tenant's views when making decisions
Informing	Management explains the decisions made
Manipulation/Therapy	Management reports the decisions made

Source: Ward (1992)

Participation can be costly (at the least in time) for simpler decisions, can lead to worse decisions that are politically harder to ignore and it can lead to worse relations if it becomes obvious that suggestions are being disregarded (Irvin and Stansbury, 2004). The manager should decide to employ minimal participation if the time is critically short or if the subject is of a complicated nature that requires skills the participants do not posses (Brazell, 1992). Therefore it is perilous to employ participatory rates as indicators to good social management. The best indicator remains the residents satisfaction and their awareness of the management situation of their building.

2.5 Privatized Buildings

The housing reforms of the last decades have generated significant changes regarding the social housing management practice. Although causes of these reforms differ depending on the country, what is generally observed is a decreasing market share of social housing stock. Most EU countries feature a decreasing activity of new social housing developments while promoting a culture of home ownership. This is accompanied by a shift of public responsibility towards privatization and an increasing independence from public authorities (Priemus, Dieleman and Clapman, 1999; Gruis, Tsenkova and Nieboer, 2009).

2.5.1 The Privatization Process

In many western countries that adopted a policy of privatization of public housing, the shift was pursued at a more cautious rate, some taking decades while in others it is still continuing (Gruis, Tsenkova and Nieboer, 2009). However, post-communist countries feature a less gradual transition towards privatized housing. The change in the political system was followed by an economic and institutional restructuring that particularly targeted the institutional transformation of the housing sector. The state run allocation of housing was replaced with market mechanisms which coupled with the inability to finance maintenance services enabled the creation of private (often informal) housing management solutions. The driving idea was that housing privatization would be used as a 'shock absorber' rather than an 'agency of change' to offset the wide system changes that weakened government support and subsidy (Hegedus, Tosics and Mayo, 1996).

Albania is considered the forerunner of such a process due to the speed of privatisation. The privatization law was passed in 1993 at a time when close to 35% of the housing stock and 70% of the urban stock was government owned. In the span of one year, about 240 000 units or 98% of the private housing stock was privatized (Hegedüs and Teller, 2003). The small nominal fees, averaging to 170 USD eased the affordability of the tenants to buy their current place of residence. Close to half of the beneficiaries that lived in buildings older than 20 years or with special considerations (veterans, etc.) received ownership at no charge. In this method the state collected approximately 1.7 million USD and used it to complete the 8'000 unfinished apartments started before the 1990s (Pojani, 2011). The effects of such a progressive privatization benefitted the poorer households by providing them with a valuable asset, providing a quick positive impact for Albania's economic indicators. Immediately after privatization, the values of the homes increased significantly and in some cases close to street level they doubled in value.

However, this rapid shift in home ownership preceded the formation of a legal framework for building management solutions. The pre-existing municipal maintenance institutions were by that time dissolving and had been for a long time unable to meet demand. Thus, the newly privatized stock was exposed to a management vacuum that rapidly increased the dilapidation

of the buildings. After one year, legal provisions for building management were instituted in the Civil Code to address the management issue of this newly privatized stock. Unfortunately, the majority of the owners did not embrace these solutions and did not form assemblies as required by law (Stanfield, Dervishi and Sherko, 2004). They opted for *ad hoc* solutions to building management, raising emergency funds when needed, or forcing individual owners to bear the cost of maintenance (such as rooftop repairs).

2.5.2 The Triple Challenges of Privatized Housing

A cross CEE country evaluation of the management of privatized housing draws three main challenges to the improvement of management practices (Gruis, Tsenkova and Nieboer, 2009).

Technical challenges arise from the poor quality of the inherited housing stock. The short planned life cycle of the buildings along with high amortization from neglect have significantly increased the number of properties that are in urgent need of improvements. Building code requirements are outdated and the reliance on a central inspectorates slows down assessment and enforcement. Adaptive measures such as reduced services, deference and postponement arising from the inability to finance proper maintenance have further contributed to the degradation of the stock (Tsenkova, 2009).

Social challenges include the differences in income of the owners and their understanding of their rights and responsibilities in collective living. Previous egalitarian societies encouraged a social mix in multi-unit housing, but the change in the political and economical system exposed the economic gap between owners. A rapid increase in utility provision costs (electricity, water) at a time of economic difficulties resulted in numerous owners being unable to pay their maintenance obligations. Moreover, studies show an unwillingness and a lack of respect for the law by refusing to pay regular contributions for the maintenance of common areas (ECE, 2002).

Financial challenges are considered the leading problem in housing management for this housing type, ranging from a lack of access to credit for building upgrading, to the insufficient amount of money collected for the maintenance of the current stock. Expenditure on utilities is much higher than spending on maintenance or upgrading, inferring short term solutions that will further decrease in quality of housing stock (Tsenkova, 2005).

2.6 New Built Construction

The period immediately following the collapse of the totalitarian regime featured a boom of new construction in Albania. For decades, the housing provision could not keep up with demand, housing standards had been set at an inadequate level and natural processes of urbanization had been suppressed (ECE. 2002). The result was an unprecedented investment in new residential buildings. Through both formal and informal means, the recent 2011 census reports that close to 3500 new apartment buildings have been built since 1991. This accounts for 50% of the total apartment building stock (INSTAT, 2011). However there are marked differences in the buildings constructed depending on the period of completion. Communist era buildings (pre 1990) are predominantly of lower quality construction (prefabricated or unfinished façades) that rarely exceed 5 to 6 levels. Newer buildings (post 1990) feature a larger amount of dwellings per building, associated with a larger number of floors. They involve more complex systems such as elevators, advanced water supply systems, and parking garages which impose a higher requirement for management and maintenance.

Management difficulties in these new buildings also arise from the lack of clarity of the management responsibilities of the buyers/owners. Common areas are portrayed as part of surface areas in the sales documentation with no specification regarding the proportionate obligation of each unit, meanwhile the certificate of ownership does not provide an item for the common areas at all (Stanfield, Dervishi and Sherko, 2004). The builder (or landlords) often have a free hand in the way that they decide to manage the buildings, although abandonment after sale of most of the stock is not uncommon. The relationships of the developers, landlords, the new-owners(purchasers) are thus an important influence for the management form and quality of the building.

2.6.1 The Power of Developers

Due to the focus on the organizational structure shown in Figure 4, what often becomes neglected in the discourse on housing management is the influence of the builders or investors in the establishment of these associations. The problems may arise from the very beginning of the construction. In Albania, the generally accepted practice of '*klering*' (clearing off) involves the exchange of real estate space for various construction services, thereby bypassing the need for monetary exchange between parties. The buildings are thus conclusively an undertaking of speculation, seriously increasing the risk of poor quality construction or even of incompletion. Because the development company can build without a substantial investment in cash, the real consequences befall on the unprotected buyers, who have already monetarily contributed to the construction process.

When a building is just completed the majority of the shares in the building belong to the builders, which in turn become a decisive factor in the way the management structure is established. As more units are sold, new owners may begin to gain influence. However, it is not surprising for builders to create methods to hold on to the majority, and therefore to the decision making privileges (Christudason, 2010). In this setting, owners and residents are often marginalized by the close relationships formed between managing agents and developers. Firstly because of the fogginess of legislation in many countries regarding the roles and responsibilities of owners, and secondly because of the lack of knowledge in comparison to the operational know-how and legal experience of managers (Yip, 2010).

2.6.2 Critical Legal Events

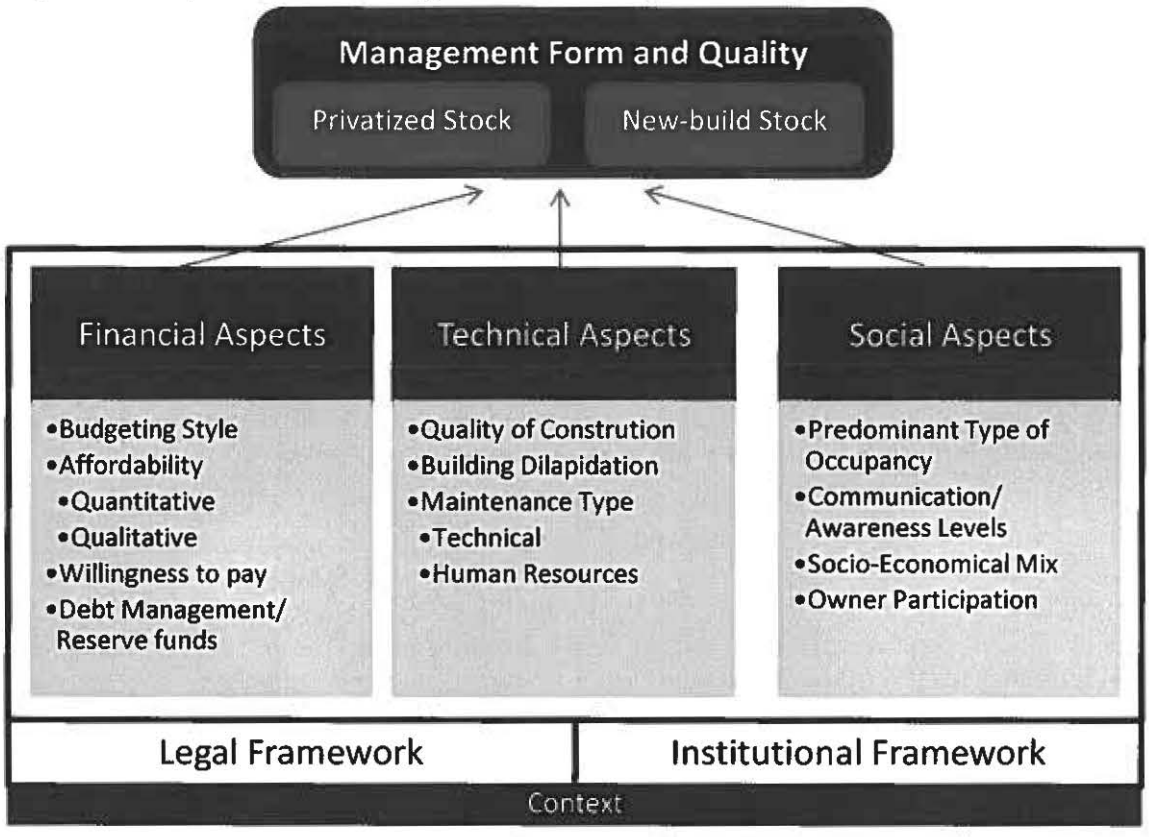
Brandy, Dixon & Dupuis (2006) argue that these power relationships are formed primarily at critical legal events where transfers of rights occur. They differ depending on legal systems but generally include the contract for management of the site, the formation of the body corporate/homeowners association, the purchase of the individual plots and the transfers of the site's freehold to the corporate/association. These events are formed through legal structures and concepts where the "acquisition of such knowledge by any other than a highly trained elite of specialists" proves difficult (Goodrich, 1987: 7). This complicated legal discourse contributes to the owners' confusion about management roles and responsibilities.

Drawing from the Foucauldian idea that knowledge is discursively produced through language, it follows that owners are usually confronted with these legal events at a power disadvantage to the other players. The embedded power of developers is a kind of "power by proxy" (Brandy, Dixon and Dupuis, 2006: 2374), because the ability to oversee governance and decision-making for management from the start can have long-term effects. Often, developers set up contractual agreements with managing companies that continue to exert their influence even though the developers may have a smaller ownership share. Lack of

adequate information on purchase is also another problem that plays to the advantage of the developers. It is difficult for buyers to obtain information regarding the daily operation and duties of the management company. After their concerns of purchase transaction are over they may find themselves trapped in a contractual management agreement they may disagree with.

2.7 Conceptual Framework

Figure 6: Conceptual Framework Diagram



Partly based on Gruis, Tsenkova and Nieboer (2006) description of elements of organizational management as being crucial for accomplishing objectives. This conceptual diagram categorizes the different constituents that shape management quality and form into the three main facets of building management.

Financial factors involve three main processes in building management, namely, expenditures (budgeting style), revenue creation (affordability and willingness to pay) and financial support mechanisms (mortgaging and/or savings). Budgeting style was found to be one of the main factors influencing management style as it deals both with resource availability and resource allocation. Budgeting is thus the clearest indicator to define the management mode of building. It was felt necessary to distinguish between affordability and willingness to pay as they deal with different facets of the same product, and will require a more particular analysis of the indicators involved.

Technical factors deal with the physical quality of the building and the method in which maintenance is carried out. Physical maintenance includes all the necessary supporting instruments required for its function, which includes both hard ware (tools etc.) and soft ware(human resources and knowhow) (van Vliet. 1998).

Social factors are underlined by concepts of social dilemmas in the management of common goods. As such community cohesion becomes a meaningful indicator of any conflicts arising from such dilemmas. Drawing from the literature review, cohesion is manifested through participation levels and awareness levels and influenced by the socio-economical composition of the particular buildings.

The concepts have been outlined in separate categories for better clarity. However, they are interlinked with each other, some sharing attributes of more than one category. Thus, distinctions between external or internal factors have been omitted. Moreover, the overarching contexts of the legal framework and institutional framework affecting all of these concepts are portrayed at the bottom. The diagram shows how although the various factors contribute to different outcomes of management form and quality for the two types of housing stock under study, the legal and institutional framework is identical in all cases.

Chapter 3: Research Design and Methods

Drawing from the clarity of the concepts involved from literature review and the emerging conceptual framework, the provisional research questions are further elaborated from the ones presented in chapter one. After the revised research questions, this chapter deliberates on the operationalization of the theoretical variables into empirical measurable characteristics. Next, a discussion regarding the research methodology addresses the collection, sample selection and the analysis methodology of the research.

3.1 Revised Research Questions

More insight into the context of the particular factors is required to better inform the relationship between these issues and the management quality. The other objective is to introduce a comparative component that applies the main research question to the two prevalent types of multi-family buildings in Tirana, namely privatized socialist housing and new build construction after 1990. Thus, the main research question is:

> What are the factors that influence the current managerial practise of multi-family buildings in Albania, and how do they compare for privatized and newer built construction?

Sub-research questions are:

1. How do the (i)technical, (ii)social and (iii)financial factors influence the management of both privatized and newer built multi-family housing?
2. How does the current legal framework impact the particular factors influencing the management practices of both building types?
3. What are the institutional mechanisms (actual and expected) adopted by the government in contributing to the management of both privatized and newer multi-family buildings?

3.2 Operationalization of research variables

The various concepts outlined in the literature review that relate to the research questions are translated into variables and indicators. Table 1 provides on overview of the research framework describing the unit of analysis, the data sources and the type of data pertaining to each indicator. The first sub-research question features three categories of variables that have been separated in the table for clarity. Due to the breadth of the research, detailed description of the indicators could not be accommodated in the table, but they are included in the survey questionnaires found in the appendix. The majority of the findings consist of ordinal variables where information is ranked according to predetermined categories, with a few cases of continuous variables.

Table 2: Research framework

Research Question	*Unit of Analysis*	*Variables*	*Indicators*	*Type of Data*	*Data Sources*
How do the **technical** factors influence the management of both privatized and newer multi-family buildings?	Buildings	Quality of Construction	-Age and type of construction -Initial built quality -Visible Deterioration	-Quantitative -Qualitative	-Secondary Sources -Observation
	Buildings	Complexity of utility systems	-Number of elements requiring maintenance -frequency of breakdowns	-Quantitative	-Observations -Semi-structured interviews with Administrators /Owners
	Management Organization (if not available, building)	Maintenance Type	-Frequency of Maintenance -Use of Planned Maintenance -Availability of human resource	Primarily Qualitative	- Semi-structured interviews with Administrators /Owners
Research Question	*Unit of Analysis*	*Variables*	*Indicators*	*Type of Data*	*Data Sources*
How do the **financial** factors influence the management of both privatized and newer multi-family buildings?	Management Organization (if available)	Budgeting Style	-Cash flow -Expenses	-Quantitative	- Semi-structured interviews with Administrators
	Household	Willingness and Ability to pay	-Collection rates -Fee amounts -Income levels -Owners' opinions	-Quantitative -Qualitative	-Semi-structured interviews with Administrators -Questionnaires
	Financial Institutions	Financial Support/ Mortgage	-Availability of mortgage for maintenance - Use of banking services	-Primarily Quantitative	-Semi-structured interviews with Administrators -Secondary Sources; Financial Institutions

Research Question	*Unit of Analysis*	*Variables*	*Indicators*	*Type of Data*	*Data Sources*
How do the **social** factors influence the management of both privatized and newer multi-family buildings?	Household	Type of Occupancy	- Leasehold percentages - Privatized vs. newly bought	-Quantitative	-Questionnaires
	Household	Social Mix	- Residence duration - Income level - Education level - Family composition and age	-Primarily Quantitative also enhanced by qualitative data	-Questionnaires -Observation
	Household	Participation	- Decision making structures/practice - Nr. of meetings and frequency of attendance	Quantitative and Qualitative	-Semi-structured interviews with administrators -Questionnaires
Research Question	*Unit of Analysis*	*Variables*	*Indicators*	*Type of Data*	*Data Sources*
How does the current legal framework impact the particular factors influencing the management practices of both building types?	Management Organizations	Legal Framework	-Laws & Regulations relating to management of multi-unit buildings	-Primarily Qualitative	Secondary Data; Legislation
	Management Organizations	Enforcement	-Legal disputes employing the relevant laws -Citizens' awareness/opinions	Quantitative and Qualitative	- Semi-structured interviews with experts - Questionnaires
Research Question	*Unit of Analysis*	*Variables*	*Indicators*	*Type of Data*	*Data Sources*
What are the institutional mechanisms (actual and expected) adopted by the government in contributing to the management of both privatized and newer multi-family buildings?	Municipal Institutions	Institutional mechanisms	- Size of department dealing with building management -Number of HOAs registered at the municipality -Number and type of services offered - citizens/professionals' opinions	Quantitative and Qualitative	- Semi-structured interviews with experts - Questionnaires

3.3 Data Collection Methods

The research requires both qualitative and quantitative data collection. The majority of the information is gathered through primary means in the form of semi-structured interviews, questionnaires/ranking and scoring exercises, and observations administered through an observation form. Further information is gained through secondary sources such as legal documentation, municipal reports and institutional documentation.

Questionnaires, found in annex 4, provide the main quantitative information that helps to draw an overall portrait of the owners composition and opinions. The structure of the questionnaires was informed from the findings of several unstructured interviews with households. To boost retrieval rate, the questionnaires were administered in person by the author. The questionnaires are designed to pose closed form type questions in neutral manner as well as preference ranking exercises for ease of data processing, but they also feature open ended questions. The research was conditioned by the limited time frame of one month to collect the necessary information. This time frame proved problematic as it featured absentee owners as a result of the summer holiday season, or the return (for vacation) of family members from abroad. Due to this, the target sample size was not collected for all buildings, while non-resident owners were excluded from data analysis.

Semi-structured interviews were conducted for key players, relevant experts and administrators with the help of guidelines found in annexes 5 and 6. The aim was to interview as many administrators (informal or otherwise) of the buildings under the study as possible, along with any public officials dealing with the issue of building management. Unfortunately, no meetings with an assembly of owners, or with contractors could be secured as in many buildings there was no such practice. Moreover, the majority of the buildings did not feature an administrative figure, therefore building maintenance practices were informed on several owners declarations.

Observations in the form of text and photographs accompanied the questionnaire data collection to supplement the findings and assess their reliability through triangulation. The observation template found in annex 7 was used to facilitate this process.

3.4 Sample Size and Selection

This research is a single embedded case study with a research population of multi-unit housing buildings in the region of greater Tirana. The sample size is a factor of the available 4 weeks of survey as well as achieving enough critical mass of information to be able to come to some analysis and conclusions. The following criteria was used to choose the target areas within Tirana:

- Age/type of construction
- Housing prices
- Visible quality of public spaces and of building facades
- Known existing management organizations
- Feasibility of data collection

The criteria was evaluated based on previous knowledge of the city, brief interviews and observations from different neighbourhoods as well as opinions and suggestions from semi-structured interviews with experts/local authorities relating to housing management. The purpose of the research is not to provide an accurate representation of the composition of the population, but rather to analyse the effects of the different variables on management

practices for both privatized and newer building types. Therefore, it was deemed necessary to take a broader selection of the sample through purposive sampling and not limit it physically to certain neighbourhoods.

In total, 86 households participated in a questionnaire survey out of the 100 that were targeted. These households are distributed in 10 buildings, 5 being privatized, and 5 consisting of newer construction. The stratified random sampling method was employed to produce an even representation of the building population subgroups based on the aforementioned criteria, allowing for its weaknesses in representing faithful compositions of the overall population. The method is similar to the quota method where a certain quota of each subgroup is established, but the sampling will not rely on a convenience approach to minimize any possible bias in sample selection. However, the quota was not achieved in 3 our of the 10 buildings, and only 5 to 6 interviews were collected as opposed to the anticipated 10. Reasons for this shortcoming was the amount of empty or away households as well as lack of cooperation from the residents. Nevertheless, these buildings feature a smaller number of units and the realized number of questionnaires is still representative of the building. Annex 1 provides an overview of the 10 buildings under study and the number of surveyed administered for each.

3.5 Validity and Reliability

The most likely errors arising from this research are missing data, response errors and measurement errors. The nature of the door-to-door surveys and questionnaires featured lack of cooperation from the respondents. Some felt uncomfortable responding to certain questions, and there exists the possibility that some provided untrue or altered versions of truth. Some respondents may have tried to hide their lack of knowledge or awareness of their building's management, or they may have misrepresented their household income or composition. These response errors are difficult to account for especially because they are hard to identify. The chief effect of these errors is a reliability problem where there may be a low degree of consistency between similar measurements. Reliability problems are a common feature of qualitative measurements and cannot be fully accounted for. The best response was to expose some outliers or remove some findings that did not blatantly agree with observations

Validity is also an important consideration. Care must be taken to minimize processing errors that may alter the findings. Moreover, the relationships between findings and variables was clearly assessed during data analysis so that any assumptions made are clearly obvious. For example, the housing prices are prudently used as a criteria to infer socio-economic makeup because of the large increase in property values in the last decades that does not necessarily mirror residents income levels.

3.6 Data Analysis Methods

The data is analysed according to its quantitative or qualitative nature. Quantitative is primarily analysed through computer assisted data analysis; SPSS Statistics and Microsoft Excel. Qualitative data was assed manually processed to produce frequencies of mention of topics and assess related issues.

The majority of data was analysed using frequency tables to report top-two-box scores of the various variables. Cluster analysis was used to group findings and isolate relevant variables of our research, for example the relationship between residence duration and community cohesiveness. Cross-tabulations were employed to show simple relationships between ordinal

or nominal data. Correlation tools were also occasionally used to estimate the relationship of scalar and ordinal data between variables. To this effect, Spearman's rank relation coefficient is preferred over Pearson's correlation coefficient to demonstrate if there is a significant positive (or negative) relationship between variables without the requirement that this relationship is linear. Care must be taken not to imply that correlation between variables is necessarily a causal relationship (Aldricht, 1995). Correlation may be taken as evidence of a causal relationship, but the underlying causal factors or direction of causation may be unknown. For example in the relationship between social-economic mix and the quality of maintenance, it may be that quality of building maintenance has been a determining factor in attracting wealthier residents, or that wealthier residents promote better management of their building.

Qualitative data does adhere to any strict rules of analysis. Mainly this type of data was employed to better inform the context of quantitative data presented and to provide more in-depth information of the variables under study. Therefore, the data is categorized in accordance with the quantitative findings to preserve the validity of the information. Information gained through interviews is featured throughout the research in the form of testimonials and quotations. Moreover, secondary sources are used as comparisons to the primary data as well as to provide background information for the study, especially regarding the contextual variables of the legal and institutional framework.

Chapter 4: Data Analysis

This chapter presents the main findings of this research and analyses these findings as relating to the posed research questions. The analysis is based on both qualitative and quantitative data. The data is comprised of three main sources; information and opinions from residents of the buildings was obtained from household questionnaires(annex 4), information regarding practical and policy issues of the administrative functions of buildings was obtained from interviews with experts in the field of building management or relevant to it(annex 5 and 6), and lastly secondary information such as statistics and policy obtained from the appropriate institutions and documentation.

The chapter begins with an a general description of the setting of the data gathering as well as an overview of the respondents demographic information. The analysis is structured on two levels, comparisons *between* the two main groups of privatized and newer buildings, and analysis *within* each group to derive conclusions about the characteristics or the particular challenges relating to that group. The overall structure of the chapter follows the operationalization structure as outlined in table 2. For each section, after data is presented, it's reliability and validity is assessed.

4.1 General information

Tirana features the greatest volume of construction in the country, owing from its 93 years of being its capital and the center of economic development. The impact has been particularly more striking in the shift into democracy, and the massive internal migration resulting in an increase in construction for certain major cities of Albania has been well documented (Aliaj, Lulo and Myftiu, 2003; ECE, 2002). This, in conjunction with the rising property prices by more than 5 times in 20 years has encouraged the construction of apartment buildings, making Tirana the city with the largest concentration of apartment buildings in the country (Stanfield, Childress and Dervishi, 1998; Zaloshnja, 2013).

Table 3 provides an overview of the buildings selected for the research. As outlined in section 3.4, the type of construction, size, property prices, and the existing management method have determined the location of the 10 buildings under study. The sample of buildings was chosen to feature a uniform distribution of these different variables. Half of the sample is composed of new buildings, while half is composed of privatized older construction.

Table 3: Descriptive data of sample of buildings

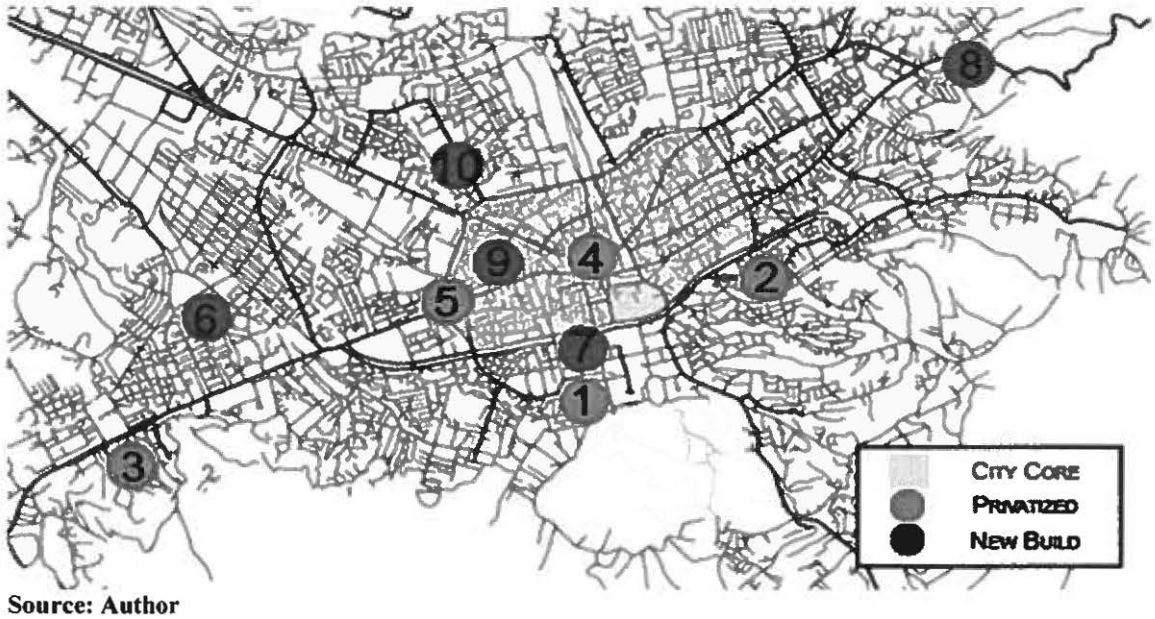
#	*Building Type**	*Year Built*	***No. resid. stories*	*No. Units*	*Price per €/m2*	*Type of Structure*	*Type of Façade*
1	Privatized	1962	4	8	1100	Loadbearing Clay Brick	Plastered
2	Privatized	1994	6	18	700	Loadbearing Clay Brick	Plastered + Painted
3	Privatized	1969	5	15	550	Loadbearing Silicate Brick	Exposed
4	Privatized	1983	5	20	1200	Concrete Frame, Brick Infill	Partly Tiled
5	Privatized	1988	6	12	800	Prefabricate	Plastered
6	New Build	2006	7	35	450	Concrete Frame, Brick Infill	Plastered + Painted
7	New Build	1998	8	24	1300	Concrete Frame, Brick Infill	Plastered + Painted
8	New Build	2004	7	28	550	Concrete Frame, Brick Infill	Plastered + Painted
9	New Build	2005	9	54	1100	Concrete Frame, Brick Infill	HQ Plaster + Paint
10	New Build	2005	10	67	850	Concrete Frame, Brick Infill	Partly Tiled

*Individual building descriptions see annex 2 **Less than 7 stories is considered low rise

Privatized buildings vary considerably in both age (19 to 51 years) and type of structure. Newer buildings on the other hand are less varied in age and feature a similar type of construction, allowing for variability only in the type of finishing materials. The four types featured in our sample are; load bearing calcium silicate brick construction (10% of sample), load bearing clay brick construction (20% of sample), reinforced concrete with brick infill construction (60% of sample), and prefabricated concrete panel construction(10% of sample).

Difference in type of construction can be explained by the evolution of construction techniques during the years. Privatised buildings were constructed at different times during this evolution, as central government experimented with different techniques and materials as they became available. Newer buildings were constructed at a time when commercial construction methods had streamlined the method of construction. Differences in quality of façade materials for these new buildings may be explained by the progressive improvement of buyers expectations of quality, and by the relative value of the property .

Figure 7: Spatial Distribution of Surveyed Buildings



Source: Author

Property values are less related to the type of construction and more related to the location of such buildings. When comparing property values for each building with their spatial location (Figure 7) it becomes clear that property prices generally are higher when the building is closer the centre of the city. However, interviews with real estate brokers reveal that there is a slight change in property values between the building types. Privatized buildings are generally 15 to 20% less expensive than newer construction. This difference in price is attributed to the aging and disrepair of the common areas and not on the quality of the interior of the units under sale (Zaloshnja, 2013). The impact of the dilapidation of these buildings will be more extensively covered in section 4.2.

On an household level, the respondents in the sample feature an unbiased distribution of the various demographic groups. The respondents are composed of 40% males and 60% females, 68% of the respondents being of age 40 or older, and almost evenly divided (45 to 49%) between obtaining secondary and post-secondary schooling degrees. The surveys were answered mainly by the head of the household (45%) then followed by the spouse (40%). The remaining respondents were next of kin of age 25 and older. This assures a relative degree of

validity that the people interviewed are the decision makers in the households and that they are knowledgeable regarding the management of their buildings.

Population data

According to INSTAT (2011), there are 6,944 apartment buildings in Tirana. Table 4 shows how many apartments were built for each time period. There is a marked increase in building activity following the collapse of the totalitarian system in 1991 and the introduction of market economy. All construction prior to this point has been publicly funded, but following privatization in 1992-1993, another 250 to 300 buildings were completed using privatization revenue (ECE, 2002). Many of these were unfinished constructions that began under communist rule and were privatized soon after completion to the benefit of newly homeless people or to politically persecuted households. Aside from this instance, government construction universally stopped and private building initiative became the sole means of increasing the housing stock.

Table 4: Number of apartment buildings constructed in Tirana by time period.

Period of Construction	*Unknown**	*Pre 1960*	*1961-1980*	*1981-1990*	*1991-2000*	*2001-2011*	*Total*
No. of Buildings	662	568	1,507	710	921	2576	6,944
Percent of Total	10%	8%	22%	13%	13%	37%	100%

Source: INSTAT *Built year for these buildings is missing

Drawing from the marked distinction in government built activity before 1991 and after this year, we can safely assume that the majority of apartment buildings (approx. 3300) built after this year are of private initiative and employ more modern construction techniques. These 'newer' buildings thus compose 50% of the Tirana apartment building stock. Our sample selection (50% of sample) is therefore fairly representative of the population under study. Period of construction for our sample buildings is also representative of the distribution in the population, with 20% of the buildings built each decade before the year 2000 and 40% of the sample built after the year 2000.

Building sizes in the sample were varied to include both small (4 stories, 8 units) and big (10 stories, 67 units) construction. When compared to the distribution of building size in the whole population (Table 5), it shows that the sample is not representative of the actual situation. The sample features 30% of the buildings with less than 16 units, as opposed to 57% of the population. Moreover, 50% of the sample is less than 6 stories in height against 65% in the population. Therefore, apartment buildings in the city of Tirana are on average smaller in both height and number of units that is represented in this study. However, by reviewing the general trend that more higher rise buildings are being built over lower rise, this ratio is expected to change.

Table 5: Apartment building sizes by units and height in the city of Tirana

	Units in Building				*Building Height*			*Presence of Elevator*
	3 to 4	5 to 8	9 to 15	16+	3 to 5	6 to 10	11+	
No. of Buildings	1548	1163	1250	2983	4484	2203	257	2784
Percent of Total	22%	17%	18%	43%	65%	32%	4%	40%

Source: INSTAT

There was also a significant difference in building size between the two groups as all privatized buildings were 6 stories or less in height, while newer buildings were composed of more than 7 stories of residential units. Some of the newer buildings further featured 1 to 2

stories of commercial units, which were discounted from our research because they had separate entrances and were not included in management of the common areas.

Management of buildings

Respondents generally believed that management of common areas impacts them on their daily life. Table 6 gives an overview of respondents beliefs regarding the impact that management has on their quality of life and in the value of their house for both groups.

Table 6: Impact of building management on quality of life and house value

	Impact of Management on Daily Life				*Impact of Management on Value of the House*			
	None	A little	Some-what	A lot	None	A little	Some-what	A lot
Privatized	11%	14%	31%	44%	36%	11%	22%	27%
New build	0%	6%	22%	72%	20%	22%	24%	20%

Almost all the residents agreed that management (or mismanagement) of common areas impacts them noticeably in their daily lives, however this was much more the case for newer built buildings. This is understandable as these residents rely more on the maintenance of common assets like the elevator than buildings that have none. Respondents in general also believed that quality maintenance had some impact on the value of their home. However, there was a significant amount of people (42% for privatized and 47% for newbuild) that though maintenance of common areas had little to no effect on their house price. Interviews with real estate brokers supported residents opinions. Indeed, quality of building management did not directly impact house prices, and many buyers were less concerned regarding this issue. For those buyers that showed interest, building management was treated as a 'checkmark', a variable that affected a particular buyers interest in purchase, but it did not contribute to change in the value of the offer. Yet, buyers were often aware of the general lack of building management in the current stock and were less inclined to accept apartments on higher floors, for fear of elevator malfunction (also in case of power outage), or for fear of water damage that may be incurred in the top floors (Zaloshnja, 2013).

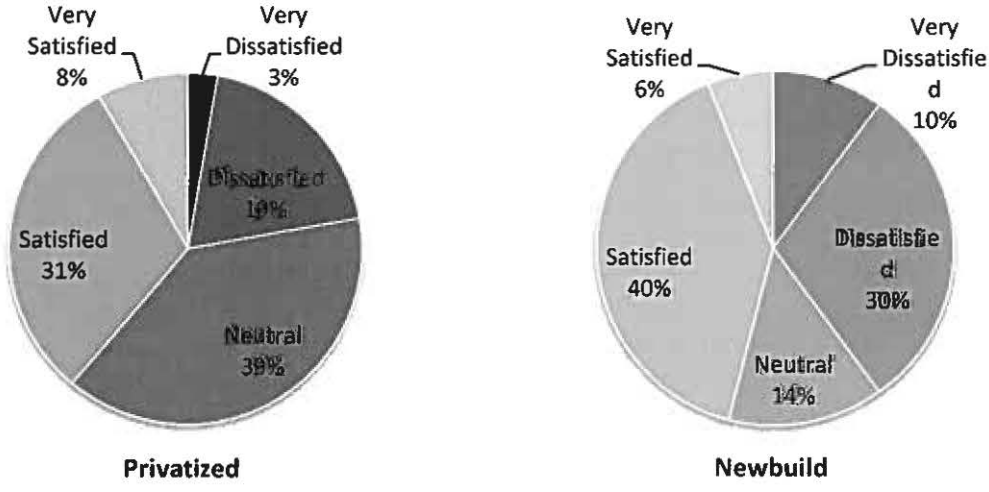
A formal administration of apartment buildings was found to be missing in the majority of the building candidates for study. The final sample represents this fact where all privatized buildings, as well as one newer building featured no steady administrative figure. Table 7 shows the distribution of management forms for both these categories, as well the amount of people that thought a different management type than the existing would be better for them. In a more citywide scale, no formal figures of administration of buildings exist. So far, 4 administration companies and 33 administrators have shown interest and await formal registration at the municipality office of Tirana (Bytyci, 2013). It is thus inferred that the sample has an overrepresentation of company managed buildings in comparison to individual administrators. A category of management type that is not represented in our sample is that of paid administrators, as instances of this type were not found from the preliminary survey. These administrators are not officially registered at the NRC, thus they cannot be found through publicly available information.

Table 7: Management type in sample group

Management Type	*Percent within Privatized Buildings*	*Percent within Newer Buildings*
Self-managed	100%	20%
Administrator	0%	40%
Administration Company	0%	20%
Building Company	0%	20%
% desiring change in management type	78%	62%
% dissatisfied with actual management performance	23%	50%

Respondents in privatized buildings expressed a stronger desire that the ones in newer buildings to change their current management type, while the remaining believed it would be best for their situation to remain in a self-managed method. However, satisfaction levels represented in Figure 8, show that more residents in newer buildings were more dissatisfied with actual management performance (50%), that those in privatized buildings (23%). Moreover, respondents in newer buildings were more opinionated regarding satisfaction levels with only 14% being neural, as opposed to 39% of respondents in privatized buildings that were on the fence on the issue. Comparing this data shows that residents in privatized buildings believed there was a better potential form of management than self-management, even though they were fine, or at least not dissatisfied, with their current performance.

Figure 8: Management satisfaction for privitized and newer buildings



Reasons for such dissatisfaction varied. Table 8 shows a overview of the issues that were reported as problematic by the respondents of the questionnaire. Each respondent answered on a scale of one to five for each issue, and the percentage of the grouped responses is displayed according to the two building groups. Seizure of open space was the leading concern overall and the residents were most sensitive to the appropriation of the buildings surrounding area by either construction, commercial activity, or parking. However, many residents acknowledged that the administrative figure has little power over such issues and the intervention of government policing is required. When focusing on the buildings' interior,

cleanliness of the common areas is the main concern for both groups, followed by technical issues for the newer buildings. Technical issues and security issues were more prominent in newer construction because of the level of broken or dysfunctional equipment in these buildings, such as elevators or intercoms. Further analysis on the impact of the level of disrepair on management satisfaction will be covered in section 4.2.

Table 8: Reported level of problematic issues for privatized and newer buildings

		Issues				
		Cleanliness	*Technical*	*Water Avail.*	*Security*	*Seized Open Space*
Privatized	Concerned	21%	9%	6%	16%	33%
	A little	39%	13%	8%	14%	6%
	Not at all	40%	78%	86%	70%	61%
New Build	Concerned	32%	36%	14%	28%	46%
	A little	54%	40%	16%	20%	30%
	Not at all	14%	38%	70%	52%	24%

From open ended questions, an unanticipated issue that arose was the lack of an authoritative figure. Privatized buildings which featured *ad hoc* management cited a lack of clarity of responsibilities as a contributing factor in their current dissatisfaction, and residents often wanted to know 'who to turn to' in case of repairs or conflicts.

4.2 Technical factors influencing management

4.2.1 Physical conditions of buildings

The physical condition of a building is affected by the dilapidation of the building, the amount of maintenance as well as the quality of the initial construction. This section explores the effect of these factors in the way the buildings are currently managed. The building types will be analysed in separate sections to provide a detailed description of each group composition. At the end of the section a comparison between the findings of each group will inform these variables'' effect on building management.

Privatized buildings

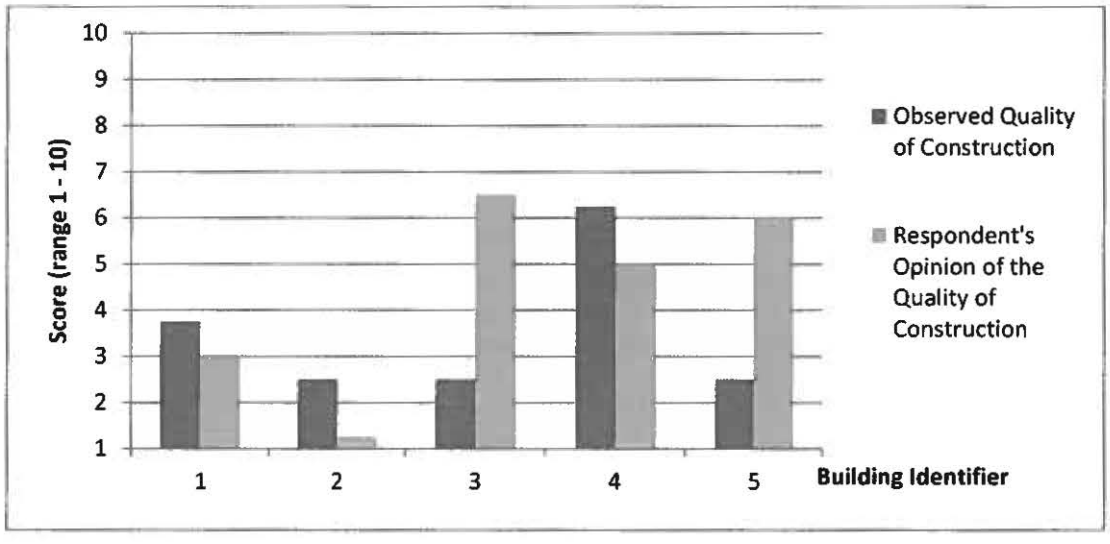
Privatized buildings mainly suffered from dilapidation and lack of repairs. From observational data, 60% of the ones in the sample had broken step treads or tiles, 80% featured cracked plaster, while 40% had some indication of water damage. It is important to note that disrepair or dilapidation in private areas (such as basements or within apartment units) could not be observed and is therefore missing. With this in mind, the analysis showed little correlation (Spearman's $\rho = 0.358$ $p = 0.05$) between building age and observed dilapidation of the buildings. It is obvious that the lack of correlation is due to the different amount of maintenance undertaken in each particular building, but the analysis shows that aging of a building is not a significant factor in undertaking building renovation.

Figure 9: Common problems in older buildings

Source: Author

Omitting at this point for the influence of the availability of financial resources, or the individual wish of each household to upkeep the common spaces, the attention was focused on how the residents perceived the state of dilapidation of their own buildings. Observational data of both facade quality and quality of finished materials was compiled with equal weightings into a scale of 1 to 10, with 10 representing the highest quality possible. Responses from residents were averaged per building and were adjusted to this scale to allow their comparison.

Figure 10: Comparisons of reported and observed quality of construction in privatized buildings



At first glance, figure 10 does not provide an indication of a particular trend between the general opinion from the respondents regarding their buildings' quality of construction and the observational data obtained. However, a closer inspection reveals that all the cases where the residents' opinion is lower than the actually observed quality feature major investments from the owners to upgrade or repair their building. While in almost all the cases the owners upgraded the interior of their unit, a notable example is building no. 2 where the residents collectively plastered and painted the facade of the building. One resident from that building remarks on their process;

> *The building was in a horrible condition. Every year we put a little money to do some restoration work, first the bathroom, then the windows, little by little we've done a lot.*
>
> *Female, Building 2*

This discrepancy between the observations and opinions may be explained because responders were affected by their inclination to answer regarding the *initial* quality of construction, and in comparison to the building expectations *at the time of construction*. The questionnaire did not specify if it referred to a comparison with similar stock or to the overall housing stock, thus respondents' interpretation would be inclined towards a comparison with the type/age of the building they were living in. From observations during the administration of the questionnaire it became apparent that all residents had upgraded the interior of their units with new plumbing electrical work and new floor tiling. Thus, although the residents had invested considerably in upgrading and repairing their building (at least the privately owned areas), they still believed the building had a relatively high built quality. Their *expectation* that such old buildings require upgrading and repairing likely affected their responses.

Newer buildings

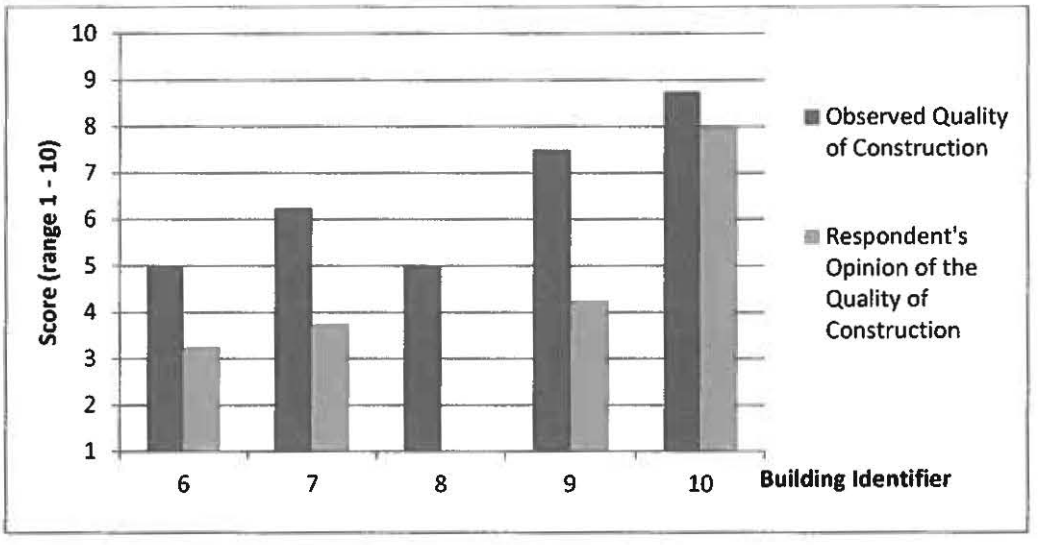
Newer buildings constructed after 1994 feature more degradation arising from misuse or abuse. Signs of abuse are often found in the entrance hall (especially the main door), the elevator interior, and the water meters. The intercom was particularly targeted and often dysfunctional. More sophisticated methods of administration (from companies) featured less signs of destruction, but also a higher quality of construction in relation to the remaining sample. In the case of newer buildings, there is a more clear negative correlation (Spearman's $\rho = -0.825$, $p= 0.04$) regarding age of building and observed quality of construction. This is because earlier built buildings, during the beginning of the explosion in construction activity in the years 1995 to 2004, often lack the finish quality of later constructions.

Figure 11: Common problems in newer buildings

Source: Author

Figure 12 shows the comparison between the residents opinions of the quality of the built construction with observations of built quality. In contrast to privatized buildings (Figure 10), the residents were more accurately aware of the quality of construction of their building and the difference in values was smaller. However, in all cases, opinions were slightly lower than observed quality. This is an indication that the buildings featured other problems not apparent upon surface inspection such as poor quality of pipework or electrical work.

Figure 12: Comparisons of reported and observed quality of construction in privatized buildings



The relationship between the quality of construction and form of management is difficult to isolate because it is interrelated to other crucial factors such as economic background of the residents or number of units per building. Buildings that featured *ad hoc* management (building 6) or volunteering administrators (building 7 and 8) had a worse initial quality of construction than buildings managed by companies. In the case of building companies, the higher quality is understandable because subsequent management of building was planned for during construction (Vaso, 2013). In the case of administration companies, the causality is reversed as such companies are biased in their selection of buildings to administer, showing hesitance to accept management of buildings that display a significant amount of dilapidation. Before such companies agree to undertake management of a building they also look for commitment from the residents to invest and bring the building to normal operating standards. In other words, it is unlikely to find companies managing highly dilapidated buildings.

> *We didn't have any criteria (of acceptance) at the start. We took on some buildings that were in a very bad state... Later on we noticed that many of these building were very problematic, old construction featuring a lot of disrepair. Yet, the main problem were the residents who believed that with regular monthly contribution everything could be paid for. So we pulled out...*
>
> *President of Administration Company, 2013*

4.2.2 Complexity of utility systems

Complexity of utility system refers to the amount of supporting elements the building requires for its normal operation. Elements include, water pumps, water cisterns, intercom, elevator/s, etc. These elements were observed in terrain and were weighed according to the level of required maintenance. Thus, an elevator was weighed 1.5, second elevator 1.0, water pump 1.0, central water cistern 0.5, intercom system with door 0.5, garbage chute 0.5. This weights system, producing a range from 0.0 to 5.0, is not meant to provide a nominal value regarding complexity, but to provide a way to formulate a comparative analysis of the buildings. Table 9 shows the number of buildings that fall in each category of complexity, categorized depending on the building type and management type. In our sample group, there is an obvious rift in complexity between older privatized buildings (mean of 0.8) and newer construction (mean of 4.0).

Table 9: Relation between complexity of utility systems and management type

		Utility Complexity Category			
		Not complex (0 – 1.4)	Somewhat complex (1.5 – 3.4)	Complex (3.5 – 4.4)	Very complex (4.5 – 5.0)
Privatized	Self-managed	4	1	0	0
New build	Self-managed	0	0	1	0
	Administrator	0	0	2	0
	Administration Company	0	0	0	1
	Building Company	0	0	0	1

There is a clear correlation between the complexity of the building services and the existence of an administrative form. This is natural as the introduction of more complex systems of water pumps and elevators raises the necessity to manage these common resources. On the other hand, privatized buildings featured fewer components, had a less complex building to manage and therefore did not necessitate the higher forms of administration like the newer buildings. A particular case that demonstrates how complexity of elements affects management form occurred in one of the entrances to a privatized building (the building was composed of 4). Upon the instalment of an elevator, the residents were forced to introduce a 'caretaker' that would collect payments and deal with the technicians.

> *Some were getting old, everybody wanted it, but someone from the eighth floor took charge. They contacted 2 or 3 different installers, picked the best one, price and value, and the money was split evenly. Now we have a guy who takes care of it.*
>
> *Female, building 4*

Breakdowns

It is no surprise that, buildings that have more operational components are also the ones that feature the greatest neglect towards them, and which also require the larger monthly financial contribution. This section focuses on newer buildings as they are the ones that feature the greatest complexity with a variety of accompanying problems. Table 10 provides an overview of the frequency of breakdown and the actual breakdown observed for each building component. Moreover, a word count of the interviews and open ended questions provides a comparative outlook as to the components that earned the most attention from the residents and the administrators during their replies.

Table 10: Description of frequency, observed breakdown and awareness for each building element

Building Element	*Frequency of Breakdown*	*Amount of Breakdown Observed*	*Percentage of breakdown mentioned in interviews*
Elevator	1 to 2 months	2 out of 5	40%
Water pump	6 to 24 months	No data	43%
Light bulbs	Daily	Approx. 15%	13%
Intercom	No data	3 out of 5	4%

Elevators present the most visible element of disrepair in a building. Interviews with administrators revealed that their breakdown occurs infrequently and depending on misuse or drop in voltage may break down once every one to two months. In the survey, 76 % of residents in new buildings report they were at least a little concerned regarding the technical

safety of their elevators (refer to Table 8). Several news reports of injuries and fatalities have created awareness for the lack of necessary repairs regarding elevators (Shqiptarja.com, 2013). Ensuring regular inspection is supposed to be the responsibility of administrators, who can be fined if municipal inspectorates find that the building does not comply with 'obligatory norms' established by the law no. 10 112 on administration(Bytyci, 2013).

Water pumps on the other hand present the most sensitive element of disrepair in a building. It was the most mentioned topic during interviews, where everyone reported a speedy repair of the issue. Naturally, the provision of fresh water is of primary concern, and all buildings had managed to sort out this issue. Table 8 shows how this issue is no longer a problem for many of the buildings under survey. However, during administration of the questionnaires respondents in some buildings were unhappy with the municipal water supply, but that investigation is beyond the scope of this research.

The item with the highest frequency of failure are the light bulbs in the common areas. This is a more noticeable problem in stairwells that are not day lit. One administrator reports that 1 to 3 burned light bulbs are changed daily, while a resident who voluntarily changes the lighbulbs for two stories reports that to upkeep them he is spending *almost just as much as his monthly maintenance payment* to the administrator, which is about 800 Lek. Concern for this non essential component is understandably low, and it is often up to the awareness of each individual household to cater to the lights closest to their entrance.

A comparisons between buildings in this group reveals the association of the management type to the level of breakdown for each building component. Buildings that were owner-managed or if the administrator was a volunteering resident, featured more non functioning elements than buildings that were company managed. In these informally managed buildings the intercom was more often out of use, and if the staircase had two elevators, it was more likely (2:1 ratio) that one of the elevators was out of use. It appears that most care was taken to ensure functionality of only essential elements, such as the water pump and at least one elevator. Drawing from unclarity of management responsibilities, repairs were most likely driven by the residents' complaints and individual initiative.

4.2.3 Human resources

Human resources are an important aspect of building management, both for the administrative function performed by the administrators and for the technical know-how involving maintenance operations. For our purposes, our analysis will first focus on the role of the administrator, and then on the third party technicians involved in the various maintenance tasks. There were observed three types of administrators in our sample; residents of the building who volunteer their time, employees of administration company, and employees of building company that are also residents. Due to the limited practice of formal administration from companies, we can safely assume that the greatest share of the about 3000 newly built (1991-2011) apartment buildings in Tirana feature the first kind of administrator/resident.

Administrator profiles

Preliminary surveying of buildings with administrators revealed a predominant presence of male (91%) to females (9%) fulfilling this role. Interviews with some of them showed that the majority (75%) had completed post-secondary education, however only a few (22%) of them were related to the building construction profile. Many administrators get involved in building management by chance. They often possess the most awareness of the necessity of performing these duties. Their reasons for involvement are mainly because they are the

people most affected by the disrepair of building components (often higher stories), or that they are unable to accept the level of neglect that often exists in common areas.

> *I don't do actual management as the law anticipates. I simply knock on doors, collect the money for the elevator. In fact there was someone else before, but when he got a bit old to do it he asked me ... because I am on the last floor is one more reason I do it. It sort of got stuck on me...*
>
> *Administrator, Building 6*

Administrators universally regard their job as very difficult. In certain buildings, they state that dealing with residents is the hardest part of the their job, a difficulty that can only be overcome by being good at communicating with people. There are isolated incidents of confrontations that have escalated into violence regarding payment of obligations (Tato, 2013).

> *If you don't communicate well with people you may end up fighting, you don't know what kind of people with what kind of problems you are dealing with... you hear these news about violence everyday, and about trivial things.*
>
> *Administrator, Building 5*

These 'social skills' are considered an important quality of a good administrator, because they reflect on the trustworthiness and subsequently on the collection rates of the administration fee. The focus for many of the administrators is performing a frictionless and fast collection of such a fee.

> *I am in touch with almost all the residents, I know them by name, how many children, etc. You need these relations to do this job. The behaviour, the clothes, the manner of talking are very important.*
>
> *Administrator, Building 9*

Owner's Opinions

Owner in buildings managed by companies reported their satisfaction levels according to the operation of the company. Few had any opinions regarding the administrator themselves, although there were some that wished him to be a resident of the building rather than an outsider so that ***he's around most of the day, not just for such brief check-ups*** (Female, Building 9).

Omitting for data where the administrator is an employee of a company, owners in buildings were on the fence regarding the satisfaction of their administrators' work, where 40% were unsatisfied, 45% were satisfied while 15% were undecided. A few of the residents were displeased with the previous administrators because of transparency issues.

> *When the previous administrator left we had to get together and repair the elevator. He had just pocketed the money and not done any maintenance. The new one is doing fine so far.*
>
> *male, building 1*

It did not become clear what the reasons were for such satisfaction levels as correlation studies showed no significant relationship between satisfaction levels and cleanliness or technical safety concerns. Although they were not directly asked, many residents expressed gratitude towards their volunteering administrators for their unpaid time in managing the building.

Technical knowhow

An administration company reports that most of their offers to manage particular buildings come from the administrators themselves who have difficulty in dealing with the residents and in managing the building. Company cooperation with these administrators shows they are not qualified to inspect the maintenance work that is undertaken in the building, often falling prey to the abuse of third party technicians or contractors (Begolli, 2013).

From the interviews with administrators it was found that aside from the ones employed in companies, the others had no training, and none showed interest, regarding the tasks they were providing. However, even if there was demand for such services there exist no easily accessible training programs of the sort. A pilot training program from an Italian building management company, was briefly terminated for "a surprising lack of interest"(Di Castri, 2013). Although the municipality requires administrators to present a training certificate upon registration, it does not facilitate ways to obtain such certification. The ministry of Work, Social Issues and Equal Chances, who's duties include the provision of public professional courses, does not provide any on building management (Dauti, 2013). Private courses do not run periodically and usually consist of 100 to 120 hours distributed in three months. However, the relative cost of 90,000 Lek, and time contribution, may be a deterring factor for administrators not earning an income.

Third party influence

Third party contractors have a significant impact in the upkeep and management of the buildings. From the open ended survey questions regarding repair practices it was apparent that residents regard them as a side issue and not a problem. However, interviews with administrators suggest that in many buildings they can be a silent partner, and at the worst, they can provide the paying residents with poor quality work that may require further financial commitment. The law no. 10 112 on administration (2009) anticipates that municipalities can help residents to pick 'approved' contractors for their job, but no residents are aware to seek this service.

Table 11 displays the distribution of contractor selection methods based on the respondents survey categorized into the two building groups. The values are determined from the relative amount of mention of each type in the open ended questions thus offer us relative figures rather than absolute. The main difference in the values between the two building types is due to the fact that all privatized buildings did not feature an administrator. Values are more distributed in newer buildings, as 4 out 5 of the sample had some form of management. However, what is clear in both groups is that contractors are often chosen through personal connections. Management from companies is an exception to this generalization, employing their own staff or contractors on long term agreements, and residents are excluded in the selection.

Table 11: Methods of selecting contractors in privatized and newer buildings, according to residents

Method of selecting contractor	*Frequency of mention by residents*	
	Privatized	*New build*
Administrator chooses	0%	55%
Personal connection of a resident/initiator	70%	30%
Picked from a few options	20%	3%
Don't know/Doesn't matter	10%	12%

This practice of selecting by personal connection does not provide for a fair process in which best price and value can be determined. For one time repair work, contractors are mostly chosen by the resident initiating the repairs, as they are the ones most affected by the problem. When taking on the work, the price may or may not undergo some bargaining, but no contract is signed and parties rely on mutual trust to comply to verbal agreements. Due to the *laissez fare* nature of contraction, these contractors behave more like daily workmen, or technicians, and deposit their earnings informally. The payment is usually collected by the administrator/initiating resident, but sometimes the contractors divide and collect the payment themselves.

Although administrators/initiators may be the ones that often determine the person to perform the work, the residents are very interested about getting a fair price value. Therefore, it is unlikely that residents are overpaying for repair work. It is the *quality* of the work that is at risk of suffering from this practice. In one case, repairs had become a trial and error situation, and residents had to change a water pump 3 times until relieving themselves of the problem. An administrator sums up the prevailing logic when it comes to contractor selection;

> *You ask around, a friend, 'where do I find a plumber'. If he is good and correct we keep working, if he is not, we get another one. That's all*
>
> *Administrator, Building 6*

On the other hand, technicians taking care of the elevators, enjoy a more privileged position. Unlike cleaning staff that often are under scrutiny of the residents, the complexity and anonymity of their work makes their performance unobservable. As long as the elevator is functional, there is little concern on how that is achieved. Informal administrators, often volunteering for these duties have little technical knowhow to check quality of maintenance, or to be able to compare with other competitors. These technicians are thus more comfortable in their duties, while some may even abuse their position, by trading parts and making a profit on elevator breakdowns. Due to fear of losing these 'privileges', technicians sometimes resist residents' decision to hire and administration company.

> *In the buildings we administer, we don't have problems with residents so much as with contractors that perform the maintenance, like the elevator technicians. There isn't legal power to force them to be correct, to sign appropriate contracts, to provide taxable invoices... they act as if they think they own the elevator and they can do anything with it*
>
> *Administration company president, Building 9*

It is suggested from interviews that these informal technicians are threatened by the introduction of formal means of administration. Third party contractors may play a significant role in resisting or channelling the growing interest in formal building management.

4.3 Financial factors influencing management

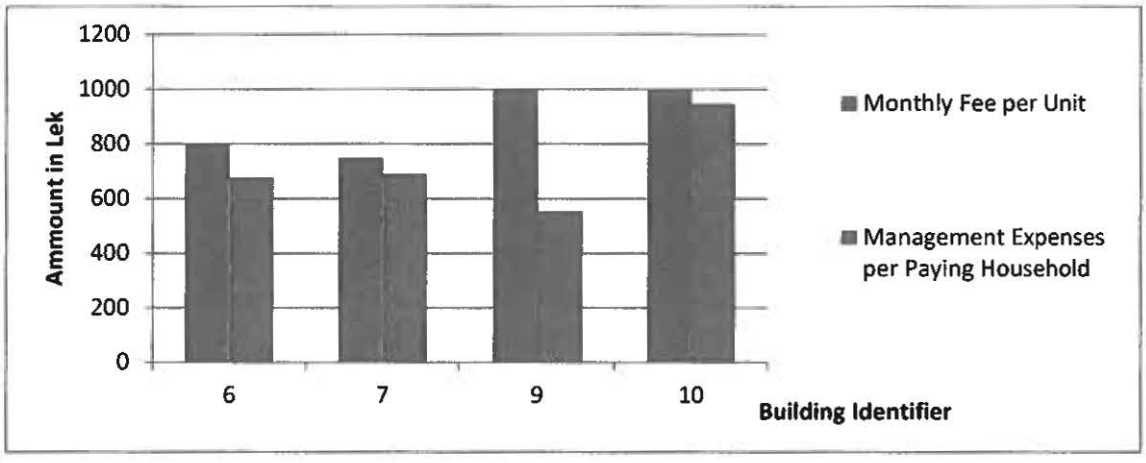
4.3.1 Budget

This section will focus on the differences in both costs and cash flow for newer buildings that feature a budget. The reason that privatized buildings were not included is because they had no monthly running costs, while accounts of repairs were sporadic and not preserved. Thus, this sample group is composed of four buildings, two of which are managed by volunteer administrators, one by an administration company, and one by the building company.

Costs

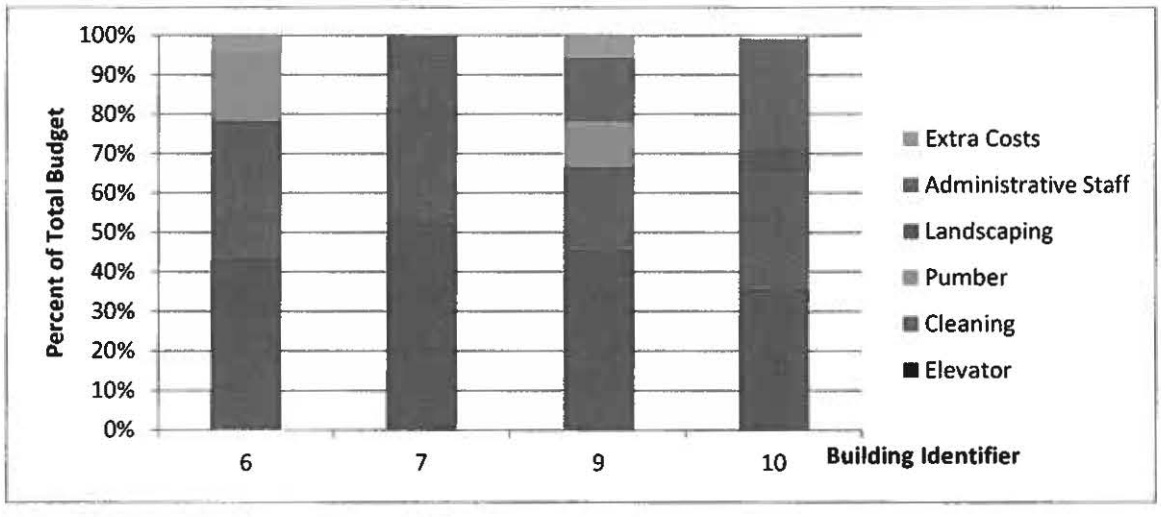
The four cases surveyed differed considerably in size, from 24 households to 500 households. Their budgets ranged from 11,000 Lek to over 500,000 Lek. To provide a comparison between the differently sized budgets, data in Figure 13 shows what the operative cost of these establishments was *per household*, set against their monthly fee.

Figure 13: Payments and expenses per household in 4 buildings



A comparative chart (figure 14) shows the distribution of the costs of the various budgets for the four cases. The largest expense regardless of type of administration was the elevator, 45% on average, followed by 37% on average for cleaning costs. Unforeseen expenses do not appear in the data as in all cases they were divided and collected from the residents.

Figure 14: Distribution of costs in various budgets



For volunteering administrators (cases 6 and 7), expenses were divided into operative monthly expenses, and unforeseen expenses. In some of the buildings, part of the expenses were paid directly from the household to the personnel, such as for cleaners, and in one case for the elevator technician. Administrators declare that what may be left over (assuming all money is collected) goes into operative expenses like cleaning detergent or cell phone bills. They only accounted for monthly operative expenses and managed seasonal or unforeseen expenses on a case by case basis.

On the other hand, buildings managed by companies (samples 9 & 10) feature a more diverse list of expenses. They employed a yearly budgeting style that also accounted for seasonal expenses and other extra costs. They maintain technical staff and cleaning personnel on a salary, as many of them take care of different buildings. The highest expense per household was in a residential complex setting. Economies of scale did not prove to lower costs because of extra maintenance in the common areas, such as landscaping costs and lighting costs.

Cash flow

From the interviews it was learned that volunteering administrators managed their finances personally and in cash, and kept accounts of collections in a booklet. Payments were usually collected at the beginning of the month (1-12) and were paid to the technicians shortly after that. Collection was a concern for all administrators as they reported periods of delay in collection. The issues during collection are further covered in section 4.3.2. In the event that collection was not possible or there were delays administrators postponed payment until next month. One administrator reported that he put money from his own pocket, as he trusts the residents to catch up later on.

Management companies opted for a yearly budgeting style, accounting for the seasonal maintenance services they provide. Expected and unexpected costs are estimated based on last year's cash flow, adding sufficient buffer (Vaso, 2013). Companies did not keep separate bank accounts for each building/complex but rely on accurate accounting of the transactions.

Effects on form and quality of management

The scale of budget was clearly correlated to buildings managed by companies. Not enough data was available to support the direction of causation. In other words, it is unclear whether buildings with more complex expenses require management by company, or whether companies traditionally diversify their expenses. However, building managed by such companies reported the highest satisfaction levels of the sample group (refer to table 13).

In contrast, residents of buildings managed by volunteering residents mentioned disrepair, and delay in repairs as problems in their replies to open ended questionnaire questions. Observational data of disrepairs (refer to section 4.2.2) indicated that in these buildings only the main necessities are planned for. Any expenses to upkeep other elements such painting or changing burned bulbs falls upon the involvement of the residents themselves. Therefore, lack of proper maintenance clearly contributes to the difference in scale of budget between company administration and voluntary administration.

4.3.2 Revenue collection

Collection of revenue is an important aspect of building management because as literature indicates, the amount of maintenance performed is dependent on the available financial resources (Chanter and Swallow, 2008; Horner, El Haram and Munns, 1997). Concerns regarding ability to pay are particularly acute in post-communist countries (Soaita, 2012; Tsenkova, 2009). Indeed, from interviews with administrators it was found that they were the most vocal about issues regarding collection, where replies to open ended questions were on average longer than for other issues. They described extra, unexpected payments as more problematic than monthly payments collections.

This section focuses on comparing the issues of ability to pay and what is considered an acceptable payment for management in both building types of the study. Moreover, it attempts to outline a profile of the reasons for non-payment and methods employed by

administrators to assure collection. These later sections focus on the situation in newer buildings, because privatized buildings do not feature monthly collections.

Acceptable Payment

Acceptable payment in this research refers to the amount of money that each household would be able and willing to pay in exchange for quality management. Initially, attention was focused on the willingness of the residents to pay for such services. Table 12 shows a comparison between resident opinion on their monthly payments to their housing economic level. The residents were asked would be an acceptable monthly payment for them, if there was a satisfactory and comprehensive management of the building.

Table 12: Willingness to pay for each income group in privatized and newer buildings

		Change in monthly payment			Average Monthly payment
		pay less	*no change*	*pay more*	
Income Level in Privatized Buildings (Lek per person)	< 10,000		20.0%	80.0%	85 Lek
	10,000 - 20,000	4.2%	41.7%	54.2%	
	20,000 - 30,000		25.0%	75.0%	
	> 30,000			100.0%	
Total		2.8%	33.3%	63.9%	
Economic Level in Newer Buildings (Lek per person)	< 10,000		75.0%	25.0%	920 Lek
	10,000 - 20,000	16.7%	45.8%	37.5%	
	20,000 - 30,000		58.3%	41.7%	
	> 30,000	25.0%	25.0%	50.0%	
Total		10.4%	52.1%	37.5%	

**Values are percentages within each income group*

The data shows that residents in privatized buildings were more willing to pay more than they were actually paying for management. This is understandable as many had no payments whatsoever, however, this supports the findings (refer to table 7) that many residents in these buildings are willing to change their management type. On the other hand, residents in newer buildings were more content with the amount they were paying.

An unexpected result is that for both these building types the income level of the household did not affect the residents perception of what would be an acceptable payment. In newer buildings, 40% of the households that wanted a lower monthly payment earned less than the sample average of 19,500 Lek. However, 40% of the households that agreed to a higher payment were also below the sample average.

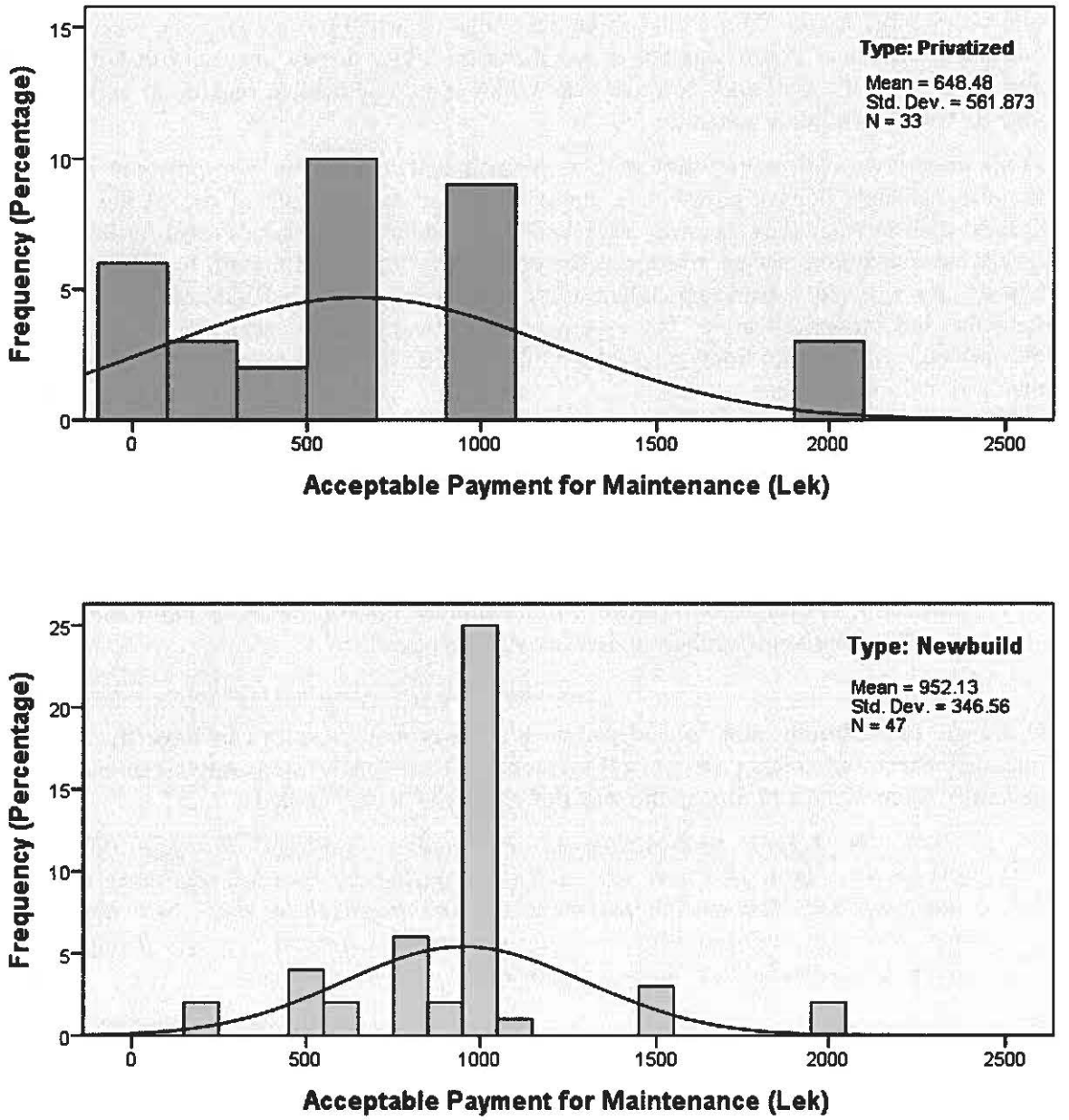
The findings surprisingly reveal that financial issues are less problematic than literature on the issue suggests. Overall, there was a significant amount of people that were willing to pay more, provided that services was comprehensive and satisfactory. This indicates that they generally believe there is considerable room for improvement in the management of their buildings, and more importantly that they would contribute to this change.

Ability to pay was initially regarded as a concern that would affect payment levels of the monthly management fee. Correlation studies conducted between family income levels and acceptable payments for each individual building showed no significant relationship between the two factors. The data is inconclusive whether income levels affects the residents' ability to pay. Administrator interviews show that there is little trouble regarding this issue. Aside

from a few cases such as pensioners or renters, the majority have no problem with monthly payments. This is especially true in newer buildings;

> *when people buy a new building, with such a considerable sum like 50'000 Euros, the maintenance fee seems insignificant, thus it's not really an issue of finances...*
>
> *Director of Department of Management in Building Company , Building 10*

Figure 15: Frequencies (%) of acceptable monthly payments (Lek) in privatized and newer buildings



The link between expected maintenance fees and type of building is understandable. All the privatized buildings had no elevators, implying lower maintenance costs. Their resident's perception of acceptable payments on average were 68% lower that those of residents in

newer construction. In newer construction, the sum of 1,000 Lek considered by the majority as an acceptable payment independent of building size.

Profiling non-payers

There was not sufficient data from the questionnaires (N=3) to arrive at conclusions about non-paying residents. While in the majority of buildings, residents and administrators stated that people were correct on payments, respondents in buildings with reported non-payers from the administrator themselves were not representative of such reports. In one building where the administrator reported close to 60% non-payment rate, only 10% admitted to not paying. Therefore, caution must be taken when employing data earned from questionnaires referring to this issues. Of the only three cases that admitted not paying, one was a renting household that held that it was the owner's responsibility to pay, one said that they lived abroad most of the year and the other was withholding payment in regards to an unrelated dispute with the building company.

From interviews with administrators it is learned that reasons for non-payment are often because residents believe payment is unfair compared to their lack of use of the common spaces, such as when they are away vacationing. To address these issues (also for lower floor levels) administrators accept a reduced fee of up to 50% for that month. One administrator had set up a payment scheme dependent on floor level (ex. floor 1 = 1000 Lek, floor 5 = 5000 Lek) that has proven effective. The argument is that residents pay according to their use of the service, where higher floors would be inclined to use the elevator (and water pump) more than lower floor residents.

Income level was believed to play a significant role in the likelihood that household would refuse payment, but this was not the case. Except for a few cases of pensioners, administrators report that the majority of the residents are stable financially to pay their contributions, and that no issues have arisen in that respect.

> *...for the buildings that we have been called, people were generally stable financially. In fact, it was common to see that the hallways were in a horrible condition while inside there was a luxury apartment.*
>
> *President of Administration Company, 2013*

However, one administrator indicates that a good economic level can have the opposite intended effect and create problems of payment. The reasons for noncompliance vary, but it generally refers to lack of trust in the way that money is being handled.

> *...and the biggest problems were the wealthy residents. It's like this everywhere, those that have more means of paying are the ones that make it more difficult. With meaningless excuses; 'why this much for that', 'why this like that', 'no we want that too', 'let's check the contract', etc. As if they trapped us in managing the building and now want to extort us.*
>
> *Administrator, Building 9*

From the interviews, administrators agreed that awareness of the importance of management is the biggest problem in this field. The reasons behind such a lack of awareness are unexplained considering that in the findings respondents generally regarded management as considerably affecting their daily life (Table 6).

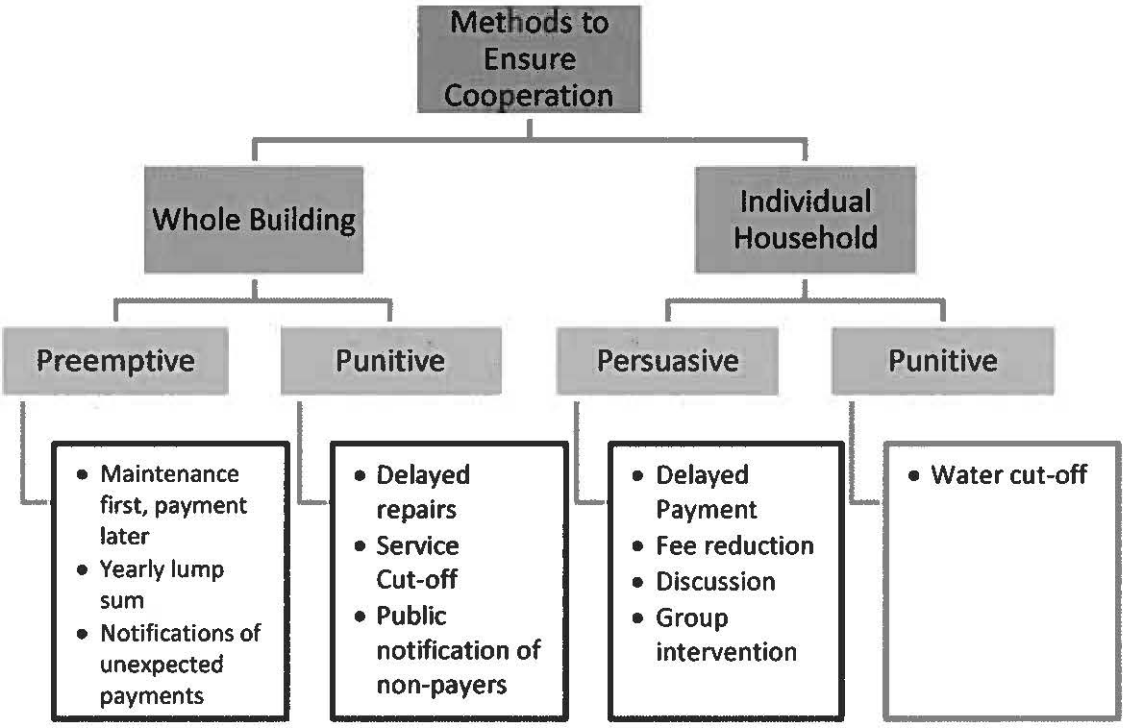
The problem is awareness of the issue, and people generally have difficulty in accepting coexistence. They invest lavishly inside their home, when outside there may be garbage and nobody cares. That is why it is just an awareness problem, it's just a lack of adjustment to the needs or demands of the time.

Director of Department of Management in Building Company , Building 10

Methods to ensure cooperation

From the interviews with administrators, there emerged several methods that they employ to ensure payment of the residents. These methods can be divided into two main categories; pertaining to the whole building or to individual households. Figure 15 shows the categories of the various methods reported by the administrators. Preemptive methods were preferred by companies as they proved to be more successful that punitive methods. As a whole punitive methods were regarded as achieving less satisfactory results while in some cases worsening the situation, however all the administrators mentioned that they have no *valid* legal options at their disposal to enforce regular payments, even for residents under contractual agreement.

Figure 16: Categorized methods employed by managers to ensure payments



Preemptive methods to ensure cooperation were informed on previous experiences of the administrators or companies. The notice board/notifications were the preferred method to inform residents about upcoming payments, and to lower the time need to explain the issue in a door to door basis. Administrators were aware of the fact that residents responded better to payments if they could see results. Building 9, which featured the highest satisfaction level (refer to table 3), was the building that featured the greatest change in quality of maintenance and the least problems regarding collection rates. Employing this frame of thinking, an administration company has adopted the practice of collecting the fee *after* delivering its services for the month. This helps to assure a persuasive argument during collection as the residents can observe the results, or may complain directly upon them.

The building company on the other hand exploited their power position during sales of apartments to include a management fee for the duration of two years. Their hope was that upon the two years, the residents would be more aware of the need for maintenance and contribute more willingly. The director of the management department reported that this tactic has had little result on the payment rate of these households after the two years.

Punitive methods on the building level attempt to raise the general concern of the residents to maintenance issues. Sometime minor breakdowns or disrepairs are postponed as means to persuade all the residents to contribute. If the residents generally partake in the habit of leaving their garbage bags in the hallways (a ubiquitous concern), cleaning service would abandon them at the building entrance as opposed to the municipal bins.

Transparent methods on the other hand proved more problematic than expected. An interview with the president of an administration company informs that monthly reports of expenses and collections had the opposite effect than intended because of social dynamics. Paying residents were indignant at the amount of people not paying, and refused consequent contributions. They questioned expense amounts, had more doubts and requested more clarifications when the budget was published monthly. Moreover, the general tendency for people to stick to social norms can be a threat in buildings that feature a large percentage of non-payers as it will encourage such negative behaviour (Fehr and Fischbacher, 2004).

Depending on the type of household, and on the reason for non payment, administrators use different methods to ensure a conflict free cooperation in payment of the fees. The most commonly mentioned (especially due to temporary vacancies) is the practice of accepting delayed payment at a later date. In some cases where the household is composed of one or two pensioners that have difficulty in payment the total amount is reduced. Unwillingness to pay is approached with escalating severity of measures. Administrators first attempt an initial discussion, opt for later payment, but failing that, several administrators employ a group intervention with neighbors or board members.

> *if they can't pay, I say 'it's ok, maybe tomorrow, or next week' or 'maybe you can pay half now and the rest later'... but I never confront them by myself, it's hard to get my viewpoint to match theirs. I go with two or three other residents, to tell them they have to pay*
>
> *Administrator, Building 6*

Water cut off as an extreme method is very rarely used because of unclear legal backing. The water meters are property of the distribution company, and because residents pay their utility bills, it is difficult to justify cut off. While it can get results the problem is that with punitive maneuvers, some residents get even more hostile and begin to cause more damage on purpose (President of administration company, 2013).

4.3.3 Access to banking services

Although the banking sector in Albania is rapidly developing, it still features a heavier reliance on cash payments. Beck *et al.* (2007) estimate that there are 161 accounts per 1000 people, or 14.6% of households that have a bank accounts.

From semi structured interviews it was found that banking services were universally avoided by volunteering administrators. This is because administrators felt them to be unnecessary considering the relatively low budget (11,000 to 16,000 Lek) they were managing. Funding for major repairs/work was collected before hand and loans were not considered.

If access to loans was desired, it would be impossible to obtain one as a managing entity. Banking institutions typically offer loans with collateral (certificate of ownership) or a 'no collateral loan' for up to 100,000 Lek, providing the individual can prove a stable monthly income (Tafo, 2013).

Collateral or without, it is doubtful that administrators are willing to take on the risk of the loan themselves. The law anticipates that the assembly of owners, as an entity, may obtain a loan upon conditions that they provide a reason (a specific project) and the certificate of registration of the act of joint-ownership. For such a condition to be met, the building must have a functioning assembly, registered at the municipality and conforming to the requirements of the law. The Office for Registration of Immovable Property (ZRPP) reports that they have received no application for registration of common areas in apartment buildings and are waiting for subsidies to encourage homeowners to participate (Collaku, 2013). Therefore, loans for major projects are currently not available to the owners. Companies enjoy the full benefits of the banking system, but they employ them only for their interior finances, and not as a means of facilitating payments of the residents. The president of the administration company reported that attempts to employ bank accounts as a way for the residents to pay their monthly due on their own was unsuccessful because too few complied.

Reserve fund

Interviews with volunteering administrators revealed that a reserve fund was not considered as an option. Managing payments of repairs on a per case basis was found simpler and more transparent that the establishment of a reserve fund.

The law on administration anticipates that a reserve fund be established to account for unforeseen circumstances, rehabilitation of the property, or other special cases as approved by the assembly of owners. It requires that the fund be kept in a bank account under the name of the assembly of the owners. However, bank accounts can only be created for individuals, companies or registered organizations. Banks are not prepared for such cases, and their best option is the creation of an account intended for households with access of a maximum of two individuals (Tafo, 2013).

> *...they would say 'we have paid this money, why don't you do it for us'...so that's where the problems were, when the fund could not cover the more expensive repairs. The fund was a good idea, but things are easier without it*
>
> *Administrator, building 9*

An administration company that experimented with a reserve fund, reported that it caused more trouble that it was worth. Individuals expected that because of the reserve fund's existence, no more contributions to repairs would be needed. Their misinformation regarding the fund's purpose as outlined in the law, led them to believe that the fund was being mismanaged. Now, the company employs an 'internal' reserve fund to deal with minor repairs, but considerable repairs (over 5,000 Lek) are collected from the residents.

4.4 Social factors influencing management

This section deals with describing the social makeup of the particular buildings and it's effect on the management of the building. Literature on the subject suggests that social composition has an effect on participation levels and that a diverse make-up can generate a diversity of contrasting opinions that create difficulty in decision making (Haworth and Manzi, 1999; McClintock and Liebrand, 1988).

The analysis will first be conducted relying on individual building profiles, then followed by a comparison of the two different building types. Diversity of social make-up will be analyzed regarding the homogeneity of the households features(size, age, economic level), the type of occupancy level, and the percent of new residents. This information will be used to estimate the social cohesion of each particular building and compare it with participation levels and quality of management.

4.4.1 Social Mix

Buildings featured distinctive profiles of their resident compositions. Table 13 shows an overview of the different social indicators for each building. The data is based on door to door questionnaires to the household heads. It is important to note that the sample of 10 questionnaires per building (5 samples for buildings 1, 2 and 4) is not uniformly representative for each building because of the varying sizes of the buildings. Household size hovered around 3 and 4 residents, while the average age for the household head featured a larger range (38 to 61 years). Closeness with neighbours refers to how well the residents know their neighbours and how often do they interact with them. Respondents answered on a scale from 0 to 4 and the table shows the average of those replies. The economic level was obtained by dividing household earnings by the number of people per household. Education indicators were obtained by dividing the number of respondents that finished post-secondary schooling with the ones that had lower degrees. This variable shows considerable difference between buildings ranging from 0 (no post-secondary) to infinity (all post-secondary). Finally, average satisfaction levels (range of 0 to 4) of management performance from the residents are shown for each building.

Table 13: Descriptive statistics of individual buildings

Building	*Type of Administration (* Privatized Buildings)*	*Nr. of HH in bldg.*	*Avg. HH size*	*Avg. age of HH head*	*Avg. closeness with neighbours (0-4)*	*Avg. Income Level (Lek/ per person)*	*Ratio of Post-Secondary to Elementary & Secondary Schooling*	*Avg. Satisfaction of current Mngmt. (0-4)*
1	Ad hoc *	8	3.2	60.4	4	18,333	0.67	2.40
2	Ad hoc *	18	3.2	45.6	3.1	22,222	0.67	2.33
3	Ad hoc *	15	3.9	44	3.3	13,450	0.16	2.10
4	Ad hoc *	20	3.8	60.8	3.6	18,667	∞	2.20
5	Ad hoc *	12	4	51.8	2.8	23,400	0.79	2.20
Group Average		14.6	3.62	52.5	3.36	19,214	0.8	2.25
6	Administrator	35	4.5	47.5	1.9	13,592	0	2.50
7	Administrator	24	3.4	59	2.2	21,000	3.55	1.60
8	Ad hoc	28	4.6	53	3	16,000	0.25	1.10
9	Administration Company	54	3.1	45	1.4	25,333	8.09	2.70
10	Building Company	67	4.1	38	1.2	22,500	1.32	2.20
Group Average		41.6	3.94	48.5	1.94	19,685	1.08	2.02

The most obvious results from these findings were that the age of the household head, the size of the building and their closeness with neighbours are correlated. Although likely affected by the buildings' age, privatized buildings featured some of the oldest residents on average. These buildings were also smaller in size featuring 8 to 20 units and reported greater closeness between neighbours.

Other data was not clearly related to the type of building or building size. As expected, level of education was related to the economic level of the households. However, it does not appear that education levels, or income levels are related to the closeness between neighbours. Education and economic levels were also related to the value of the property, and consequently, geographical location (refer to table 3 and figure 7). Buildings in the periphery featured higher household sizes, poorer households and lower education levels.

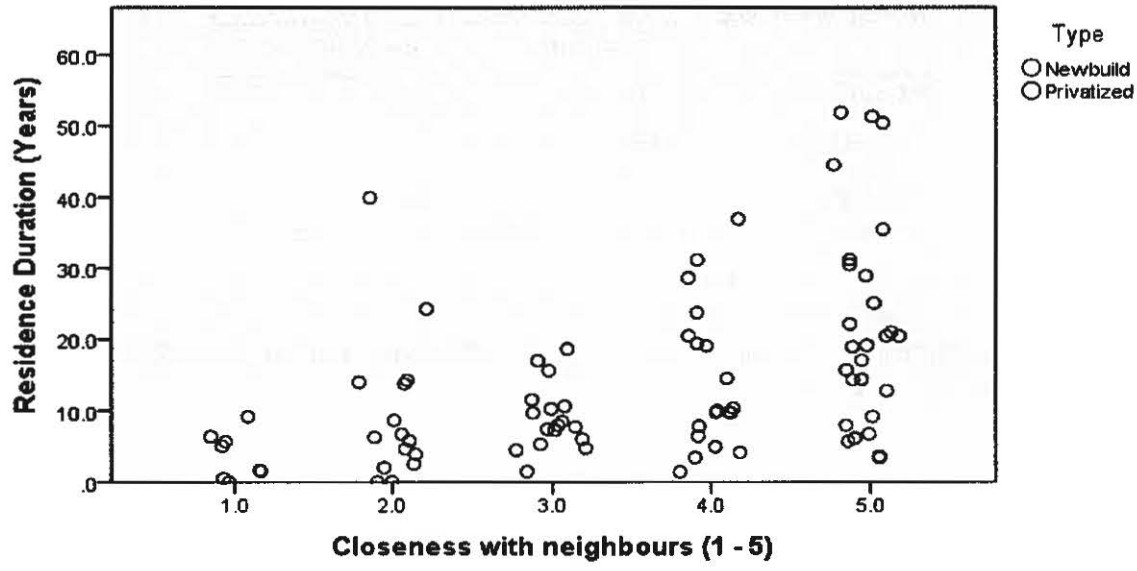
From an overview of the data it appears that building make-up does not indicate the likelihood that such a building will have a satisfactory management of the building. Wealth and education levels did not reliably indicate management satisfaction levels, regardless of some residents opinions that they were important.

> *Very dirty. Unbelievable destruction and mess. Education and family culture is what its all about.*
>
> *female, Building 7*

4.4.2 Occupancy type and length of residence

Occupancy type was considered a factor due to the hypothesised impact that newer households have on the social cohesion of the residents. This indicator is moderately correlated to the period of residence of each household (Spearman's rho= 0.546 p=0.00). Figure 17 shows a scatter dot chart which outlines the relationship between the length of residence and the reported closeness with the neighbours for both building types. Renters' length of residence was 3 years on average, while the median residence time for privatized buildings was 22 years, and 6.3 years for newer buildings. Therefore, the impact of the difference in type and in length of occupancy is more noticeable in privatized buildings.

Figure 17: The relationship between time of residence and relationship with neighbours



Albania is predominantly a nation of homeownership. Although Tirana features the largest renting market, only 10% of households are rented (INSTAT, 2011). Therefore renting is generally considered a temporary mode of tenure. A concern was that because of that outlook, renters would be less interested in maintaining or preserving the value of the buildings they lived in. However, from the questionnaire findings only one case did not contribute to maintenance. The reason was the clarity of the responsibility for payment with the landlord. The remaining renters reported regularly paying the monthly fee, and delegating or informing the owner in case of extra repair fees.

Table 14 shows the reported cohesiveness of the residents depending on their tenure type. while table 15 shows the type of tenure for both privatized and newer building groups. It becomes clear that the majority of renters are found in newer buildings and that renters featured the lowest level of closeness with their neighbours.

Table 14: Relation between type of tenure and relations with neighbours

	Strangers	*Somewhat Strangers*	*Somewhat Close*	*Close*	*Very Close*
Renting	36.4%	18.2%	18.2%	18.2%	9.1%
Privatized	0.0%	8.7%	4.3%	30.4%	57.1%
Bought	7.7%	21.2%	26.9%	19.2%	25.0%

From questionnaires it became apparent that a few residents in small privatized buildings considered that the introduction of more renters over time was the beginning of their problems. These buildings were typically composed of older residents that had lived most of their lives in their homes.

> *When some renters have come, that's when cleanliness problems started. They just leave the garbage in the hallway.*
>
> *female, Building 2*

These buildings also featured the highest amount of community cohesiveness, and were the most influenced by the impact of newer residents. On the other hand, newer, larger buildings, where community cohesiveness is generally low, the presence of renters was not mentioned as problematic.

Table 15: Tenancy types for privatized and newer buildings

	Privatized	*New build*
Renting	3%	20%
Privatized	61%	
Bought	36%	80%

Interviews revealed that administrators had little to no issues with renters. They regularly contributed to monthly payments. Extra costs or repairs were delegated to the landlord, either through withholding rent for that month or simply informing him. In one case they didn't even notify the landlord and paid on their own.

It's not that there are more conflicts with renters than with others. We as a company treat them the same way ... there is just a bad reputation regarding them, because there are plenty of those examples, but if you treat them well, it's not a problem.

President of Management Company, Building 9

Length of residence on the other hand, was the more important factor contributing to community cohesiveness. Around 5.6% of residents in privatized buildings had been living there for less than two years, while the value was 12% in newer buildings. High turnover impacted such cohesiveness. It also impacted administrators in their collection rate, as sometimes there were gaps of one to two months during the periods that residents moved and it was difficult to get a hold on someone from the unit. Moreover, there was indication from residents that new households are a potential risk of disagreements as newer residents adjust to a community's established practices.

There is a high resident turnover here, and the [success of] administration depends on their mentality regarding such things.

female, Building 5

4.4.3 Participation and awareness

This section looks at the general awareness of the residents regarding administrative functions in their building, and their level of involvement in management functions. From the survey it became clear that privatized buildings featuring no formal administrative figure had to organize cleaning themselves and therefore were involved on a first basis with the daily maintenance duties. In buildings with volunteering administrators, the involvement was limited to unexpected problems. In both these categories, volunteering residents were the ones to manage major repairs in the building, often because the damage/malfunction affected them directly.

Participation

Residents were split on their reports regarding meetings, and 49% reported that they did not meet, but exchange information and discuss on an individual basis with the administrator or with neighbours. Of the remaining residents that said they had meeting, 91% of them said that meetings were held only when there was a specific problem. This was particularly true for buildings with fewer households. Table 16 outlines the existence of and the attendance to meetings as categorized by management type for both building groups.

Table 16: Participation compared to administration type for privatized and newer buildings

		Privatized	*New build*			*Total*
		Self-managed	*Self-managed*	*Administrator managed*	*Company managed*	
	No Meetings	55.5%	0%	20%	90%	49%
	Meetings	44.5%	100%	80%	10%	51%
Attendance	Always	50%	30%	62.5%	100%	52%
to meetings	Often	37%	10%	0%	0%	27%
	Sometimes	6.5%	60%	31.2%	0%	16%
	Never	6.5%	0%	6.3%	0%	5%

The amount of meetings and participation rates to these meetings was significantly different when contrasting the different management styles in each building type. Privatized buildings had in general fewer meetings and many residents (28.6%) reported having no need for them. However, because these buildings were smaller in size, there is a higher participation rate than in newer buildings.

On the other hand, respondents in newer buildings that also had an administrator reported having more meetings than self-managed buildings, but the attendance was much lower. Along with answers to open ended questions from the residents, it is understood that the existence of an administrator makes people comfortable enough to delegate maintenance work decisions to them.

Residents of the buildings managed by companies in particular reported no meetings in the span of two years. This may be due to delegated decision making responsibilities to the management body. Many residents (64%) declared that major repairs were taken care of from the administrator and that they were informed on an individual basis, while the rest reported there had been no need for repairs.

However, higher participation levels are not necessarily a positive thing (Irvin and Stansbury, 2004), and do not imply better management. In our sample, respondents whose buildings were managed by companies declared the highest levels of satisfaction. In these cases, participation rates were low simply because they were not required for the normal operation of services.

Awareness

Awareness of management practice becomes therefore a more important indicator in the involvement of residents in the management of the building. The simplest consideration for this awareness was the level of inconsistent answers within each building. Table 17 shows these percentages of inconsistency regarding the type of administration and the monthly fee amount. Moreover, residents who reported, 'don't know' to these question were also included.

Table 17: Level of misinformation of residents for each management type

	Privatized	*Newbuild*		
	Self-managed	*Self-managed*	*Administrator managed*	*Company managed*
% of total inconsistent on type of administration	5.5%	0%	10%	20%
% of total inconsistent on payment and/or distribution	0%	0%	37.5%	0%

Data indicates that residents were least aware of the management when living in a company managed building. Some mistook the staff as being the sole administrator of the building, and in one case a resident thought that the municipality was managing the building. On the other hand, residents in buildings with an administrator were least aware regarding the way the money is handled, chiefly the ratio between elevator to cleaning expenses.

The findings suggest a lack of concern regarding management details if an authority figure exists, regardless of administrators/companies notices or postings near the entrances to these buildings. Privatized buildings, (all owner-managed) were the most aware of their situation. This is explained because many had no expenses to keep track of, and no administrative figure to miscomprehend.

4.5 Legal and Institutional Framework

This section describes the current legal and institutional framework affecting the management of multi-family buildings in the city of Tirana. These two topics will be assed based on their impact as well as on the public's (citizens and professionals) opinions of their performance. It is important to note that legal framework is applied on a country level, while the institutional framework is dependent on local regulation. However, neither the legal nor the institutional framework makes any distinctions between the management of privatized and newer buildings.

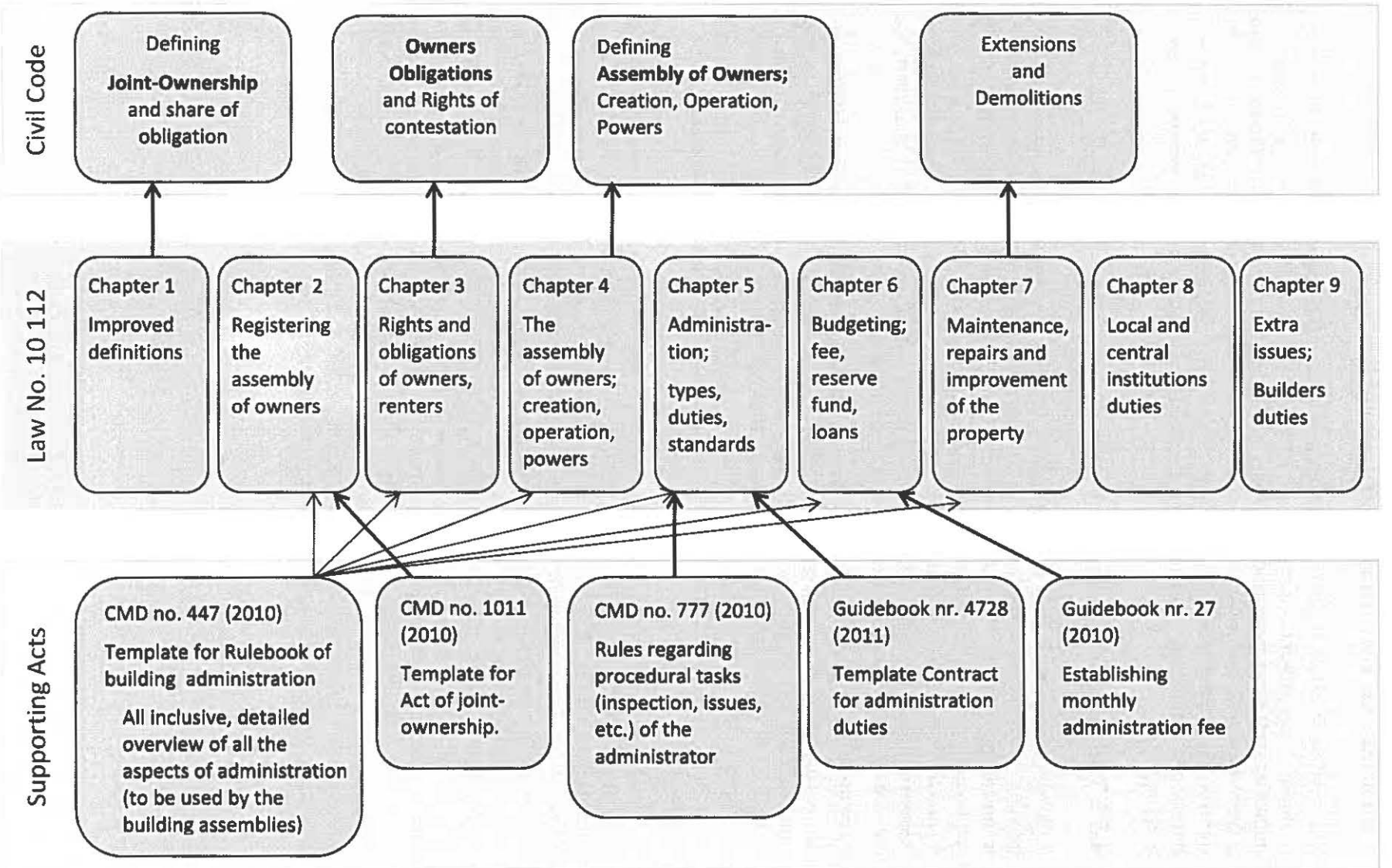
4.5.1 The law and its impact

Following the privatization law that paved the way for massive private ownership of the housing stock, legal consideration for management of this stock soon followed. Under technical assistance of USAID a law on condominium maintenance was drafted in 1993, and soon incorporated in the Albanian civil code (Pojani, 2011). However, the law was never put in practice owning to cultural and financial factors. The residents were not aware of their responsibilities, and carried deep-rooted expectations of government management from the previous system (Stanfield, Dervishi and Sherko, 2004).

In 2009, after decades of neglect, the government passed the law nr. 10 112 on "The administration of joint-ownership in residential buildings". Influenced by Italian and Spanish condominium law, it aims at closing gaps left by the previous legislation. While the civil code has 14 articles dealing with the issue, the new law contains 45. It also charged various ministries to compile complementary documentation in its support. Thus, in the span of two years, the government would produce 5 regulatory documents that clarify parts of the legislation.

Figure 18 portrays the current legal framework by clarifying the components of each piece of legislation. It uses arrows to show the links between each component as they rely on or reference each other. The civil code is the topmost legislation because it represents the core collection of laws comprehensively dealing with all aspects of private law. Supporting legislation is presented in the bottom section as it addresses the administration law directly. It is clear that the framework is well equipped to deal with all aspects of building management. Assemblies of owners and administrators have templates for contracts, determining monthly fees, and a comprehensive rulebook to clarify them on all issues from dealing with empty units, to managing common parking spaces. Aside from what is presented, the framework also makes reference to other legislation such as article 510 of the civil law for collecting due obligations (enforcement of an executive order) and law Nr. 33/2012 (Article 48 and 50) on *Registration of Immovable Property* dealing with registration of share of ownership in certificates of ownership and registering joint-ownership areas.

Figure 18: Legal Framework of building management for buildings with joint-ownership areas and/or objects.



Perception of the law from the citizens

From the survey findings, it becomes clear that residents are generally not informed regarding what is considered joint-ownership. Table 18 shows the percentage of the people that considered the various elements as included in joint-ownership. In fact, both the civil code and the law clearly define that all of the listed elements and others (supporting structure, elevators, etc.) are part of joint-ownership in a building.

Table 18: Residents' perceptions of joint-ownership elements for privatized and newer buildings

	Elements in joint-ownership				
	Façade	*Technical spaces*	*Foundation/ basement*	*Roof*	*Surrounding area*
Privatized	50%	89%	66.7%	44.4%	80.6%
New build	90%	90%	75.5%	71.4%	87.8%
Total	72.9%	89.4%	71.8%	60%	84.7%

The findings show that there is a considerable amount of people believing that many elements are not part of joint-ownership. However, this was more often the case in privatized buildings, where percentages were lower across all the elements. Strikingly, in privatized buildings, more people excluded the roof from joint ownership than included it. Technical spaces and the area surrounding a building were more universally accepted as shared elements. Possible explanations for the low level of awareness are a lack of easily accessible information, a lack of interest for the citizens or the unwillingness to know (biased preferences). Unwillingness is considered a potential factor because during survey application some residents expressed the desire that part of what would be common property is under their control, such as the roof when a resident lives on the top floor. This is often quietly accepted by the residents as it absolves them from contributing to that part's maintenance.

Further, residents were questioned regarding their knowledge of the law, and their opinion of it. The results are summarized in table 19, categorized according to both building types. The most obvious assessment is that the majority of them were not aware of the law. Of those that were not aware, 64% for privatized and 71% for newbuild were interested to know more about it. People generally believed that the law was useful to clarify responsibilities, and that it was not particularly difficult to implement. When comparing between the building types, it becomes obvious that residents in privatized buildings were less aware of the law and had little regard for it. About half though they did not need it for managing conflict situations, and a third thought that it was not useful altogether.

Table 19: Residents' awareness and opinions regarding administration law

	Aware of law	*Useful for conflicts*	*Useful to clarify responsibilities*	*Complicated**	*Hard to implement*	*Not needed*
Privatized	14%	53%	73%	0%	22%	33%
New build	44%	73%	71%	5%	38%	8%
Total	31.4%	65%	71.6%	3.7%	33.3%	19.5%

*The sample for this column is for respondents who *were aware* of the law

In comparing both these findings, a disparity regarding knowledge and adaptation of the law becomes clear between the two building types. It appears that residents in privatized buildings relied on their own internal dynamics to assess their rights, responsibilities, or to resolve conflicts. Not only were they generally less aware of what constituted joint-ownership, they also were less interested in learning more about it. However, this is somewhat in contradiction to previous findings (refer to management satisfaction in section 4.1) where residents in privatized buildings were more desiring of changing their administration type on account of clearer rules. A possible explanation may be that such a choice is more dependent on a case by case basis, and that the residents themselves are split on the issue.

Applicability

Regardless of the legislation's comprehensive coverage of the issues, the reality is that we find little application in practice. As discussed in the previous section, the citizens awareness of the law is a principal contributor to that effect. As one resident puts it: "the law can be respected and enforced only when the cultural norms create a need for it" (female, Building 7). However, there exist other procedural or practical difficulties that deter the public from pursuing its regulations.

The law requires each household to determine their share of the joint ownership areas. This is problematic because it is not obvious or easily calculated from their available documentation. A major problem is that certificates of ownership only specify the surface area that is in private ownership with no indication of joint-ownership shares. Sale contracts of apartments upon sale do specify the surface area in m2 that the household owns in the common areas. However, for a household to properly assess their *share (proportion)*, they require the total surface area of that joint-ownership. Gathering this information is difficult as it requires the collaboration of every single household within a building, some of which may be uninhabited. Moreover, many new buildings in Tirana have not been properly registered yet, and residents' only proof of ownership is a contract of pre-sale.

The law is important, of course, but to be frank for the moment Albania is kind of a mess. Take me as an example. I live in Tirana for 3 and a half years now, family of four, but I am not listed anywhere here, certificates of ownership for my building are not out yet, so I show up as a resident in Peshkopi. Like me, there may be half the people in this area...

Administrator, Building 6

Registration of joint-ownership areas in the ZRPP is the duty of the 'creator' of the property, or the builder for the majority of cases. If this does not happen the assembly of owners is charged with registering it. However, the documentation required for such registration is voluminous and includes the building permit, plans, sections, lists of contents and analytical descriptions of the division of ownership in the building, etc. This information is difficult to obtain as it requires information from the builder or the municipality's office as well technical qualification to compile it. Apart from employing qualified staff to compile the act of joint-ownership, the procedure for registration costs 5,000 Lek and takes about a month to process. Unless the assembly of owners feels it will gain tangible benefits, it is unlikely that registration of joint-ownership areas will be pursued in the face of these difficulties. (see Annex 3 for required documentations)

Moreover, the law informs how to proceed in cases of disputes, and how to enforce collection of obligations. Drawing from the discussion in section 4.2, it is clear that conflicts are not resolved through legal means but by discussion, but more often they are not resolved at all resulting in resident animosity. There are no known cases of legal disputes regarding

management issues (Bytyci, 2013). Even when legal responsibilities are clear or parties are bound contractually, legal recourse is thought of as not conductive to results, or not worth the expense. Court cases are often lengthy processes whereas administrators and residents are looking for speedy results.

> *Let's say you have a contract, why would you go to court for 1,000 or 2,000 Lek. You don't. It costs more to pay for the process. Some things just don't work.*
>
> *President of Administration Company, Building 9*

4.5.2 Local Authority

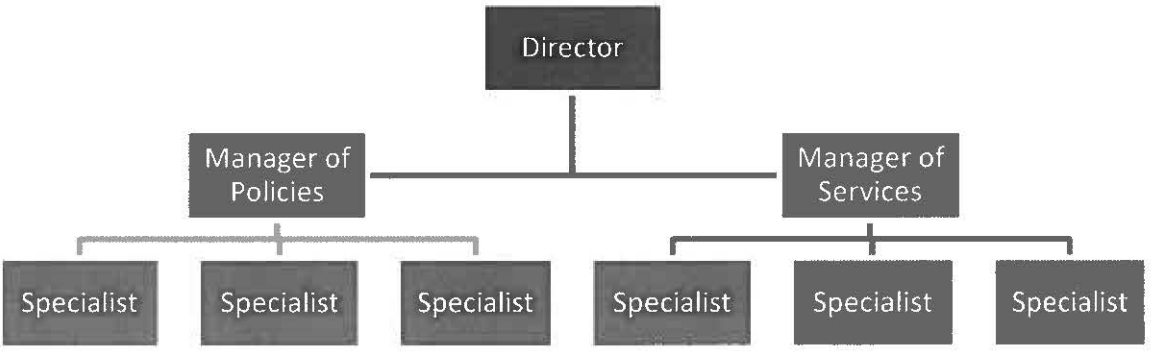
The institution directly connected with the management of multi-family buildings is the local authority, or the municipality's office. This section deals with the structure and function of this institution, presenting citizens' and administrators' opinions to show the strengths and weakness of their service provision. Performance in this case is difficult to interpret as there is no previous data to compare the degree of improvement.

Evolution of services

The municipality first began addressing this issue one year after the law of 2009 was enacted. It first began an awareness campaign that culminated in the establishment of a formal management body as a pilot project. The project was meant to serve as an example and to encourage others to pursue the same path. Following media coverage of the event many citizens became more aware of the issue and some were optimistic of the change the new law might bring. A study on this pilot block found that residents did not notice much improvement compared to when the building was managed informally (Pojani, 2011). Interest on the subject has since dissipated and the new law has generally remained on paper.

Local elections in 2011 produced a shift in power that was associated with replacement of some of the staff (Dedej, 2011). Soon after, a new department of the policies and services for objects in join-ownership was formed that was composed of 9 people. Figure 19 provides a hierarchical organization of this department, which involves, 3 specialists and one manager for each branch of service, as well as the director. The policies sector deals with studying and drafting regulations to promote quality management of buildings in the city, while the services sector deals with practical services of assistance and work in terrain (Bytyci, 2013).

Figure 19: Structure of the Department for Policies and Services of Objects in Joint-ownership



From an interview with the manager of services sector, it became clear that the new dedicated department is in the preparation stages of its services. The department's main duties involve technical help provided to residents that require it, as well as assisting the building

inspectorate in determining infractions such as informal extensions. It is currently accepting applications for registration of administrative bodies (individuals/companies) and after releasing certification, it is expected they will undertake a campaign of awareness and registration of buildings. Although the legal framework is the same in all cases, the municipality is planning to instate one administrating body for multiple entrances or stairwells in buildings that are smaller in size, such as privatized buildings.

Citizens' opinions

In the survey the residents were asked whether they would register their assembly, as well as how they thought the municipality is helping them or should help them regarding management of the buildings. The findings for the first question are displayed in table 20, showing the parentage that answered yes, and the frequency of the reasons behind their answer. Although in both building types the majority of the residents desired a formal registration of their management, residents in privatized buildings were split on the issue. The chief reasons for their rejection is that they feel no need for it and are taking care of things themselves. The results are consistent with previous findings were residents in privatized buildings do not think the implementation of law, or formal management will greatly affect them. On the other hand, newer buildings were more partial to registering their management for a variety of main reasons, including to comply with regulation.

Table 20: Residents replies to registering the management of their joint-ownership spaces

	Privatized	*Newbuild*
Yes to registering	51.4%	68.3%
Clearer responsibilities/ more authority	28.6%	12.5%
To follow rules/law	21.4%	29.2%
More transparent	14.3%	16.7%
Administrator or help from municipality	14.3%	20.8%
Have better quality/ more order	21.4%	20.8%
No to registering	48.6%	31.7%
No need/ fine the way it is	46.3%	40%
Too much trouble/ not worth it	30.7%	20%
Bureaucracy	15.3%	40%
Taxes	7.7%	0%

In the open ended questions about ways the municipality should or is helping, it became clear that the majority of the residents thought that it could help, however they were divided on the ways that it could help. The main way was through informing, clarifying responsibilities and enforcing order in the building, so that residents were more clear as who would be in charge to deal with issues. In privatized buildings, 22 % of the people felt that the municipality should take a more central role and either perform the management themselves (as it was under communism), or choose the administrator for them. On the other hand, in newer buildings, the predominant answer (16%) was to provide technical help and to assist the administrator in their duties.

Table 21: Frequencies of categorized residents' answers regarding municipality's duties

	Ways the municipality can help in management	*Privatized*	*Newbuild*
Positive	Inform/ clarify/ enforce order	16.7%	15.9%
	Open space care, cleaning/ parks	0%	11.4%
	Stop illegal additions, protect open space	5.6%	11.4%
	Do everything/ assign administrator	22.2%	4.5%
	Technical help/ assist administrator	2.8%	15.9%
	Utilities and infrastructure	2.8%	2.3%
	Fix façade	2.8%	2.3%
	Yes, but don't know how	5.6%	6.8%
	Total	58.5%	70.5%
Negative	Powerless/ can't help us	16.6%	22.7%
	Don't need it	16.6%	4.5%
	Don't trust it/ Corrupted	8.3%	2.3%
	Total	41.5%	29.5%

However, 16.6% in privatized buildings felt that they didn't need the municipality, or that it could not help them as there were *more important laws that were not implemented* (male, building 10). Moreover, there was a substantial amount of people that had requested intervention from the municipality and were disappointed with the lack of assistance. Some had complained regarding takings of public space by cafe's, or the undesired placement of water tanks on the roof, to little result. Based on these performances they had come to believe that since it *can't do well its main duties, never mind this extra stuff* (male, building 4).

Professionals' opinions

From interviews with administrators, it was obvious that they expected more from the municipality. Their main reasons for disappointment were because of it's non performance in established duties such as preventing illegal modifications/additions in the buildings, or takings of public space.

> *We have problems of residents modifying the façades, and cafes taking over public space. I cannot stop them, the most I can do is report them, these are the main duties of the city and the building inspectorate. If they don't do something about this, there is little to expect about other things.*
>
> *Director Management Department*

Professional companies saw themselves as being very beneficial to the municipality, something that they though should warrant them special attention. Unlike the majority of management in the city which is informal and does not pay taxes, companies asserted that their work in legitimizing this sector brings revenue to the city as well as assists in improving the quality of the city. Lack of communication was cited as a contributing factor to this situation.

> *If they have set up [a department] in the municipality, they should have communicated with us. This company is one of the few licensed management companies in Tirana, paying contributions, and they should help us. Every building has management, but the city gets no benefits from them because they are informal.*
>
> *Administrator, Building 9*

The law is there, the city should be on my side in these moments because it should see me as a tax paying business, that contributes to its job of city management, and I on the other hand would have an institution I could go to in case of a problem or a confrontation. It sadly is not so.

Director of Management Department

Administrators particularly requested help or support when it comes to collecting the monthly contributions. In their search for a more streamlined system, they believe that incorporating the fee into an obligatory form of payment would boost up collection rate and lower confrontations.

The help of the government is needed, to establish a way to make payment obligatory, like the street lighting which gets incorporated inside their taxes. The municipally has given this power to private companies before.

President of Management Company

Chapter 5: Conclusions and Recommendations

5.1 Introduction

This thesis highlights the importance of management of multi-family buildings. The increase in urbanization and the proliferation of this kind of housing increases the impact that proper management has on economic and social aspects of the housing stock (Blandy, Dupuis, and Dixon, 2010). However, this global concern features varying factors depending on local conditions. Post-communist societies in particular have inherited a particular kind of 'privatized' stock that adds an extra layer of difficulty in this direction.

The research focuses on these concerns as they are applied to the multi-family stock in the city of Tirana. The country features decades of neglect in instituting proper management solutions for this deteriorating stock. Although, progress has been made regarding the legislation necessary to facilitate these services, the effect has been hardly noticeable in practice. The 2009 law on administration has remained on 'paper', with lack of enforcement and little awareness from the public.

The divided composition of the stock into privatized and newer buildings, adds a layer of complexity to the issues. The properties characterizing these two groups differ significantly, both on a technical level as well as on a social level. There emerge two distinct threats to the stock; whereas privatized stock is getting old and deteriorating, newer stock is being built with little future consideration for it's management. However, the legislation is not effective in targeting these different threats. It proposes an 'umbrella' solution to the issue, and treats both types similarly.

Drawing from the findings in the preceding chapter, this section produces conclusions on the way the various factors may or may not impact the practice of building management, as applying to both privatized and newer buildings. It will then address the issues raised by the research questions, and followed by recommendations and suggestion for future research directions.

5.2 Main Research Findings

The analysis followed a structured, four pronged outlook of the factors influencing building management. The main findings of the technical, social, financial and legal facets of the issue for both building types are discussed here. Along with comparisons to the literature findings the discussion aims at providing answers for the research sub-questions.

5.2.1 Technical factors

Privatized and Newer buildings have significantly different physical characteristics

The apartment building stock in the city of Tirana is currently evenly divided between privatized older buildings and newer buildings build after 1990. These two types of buildings feature significantly different technical characteristics, and challenges that inform the different manner of their current management practice. Older buildings were smaller in size and height, had a relatively poorer quality of construction, and featured fewer elements of joint-ownership in common (elevators, water tanks, etc.) than newer buildings. Although private areas of these buildings were generally refurbished, common areas featured clear signs of disrepair and individual, selective maintenance. On the other hand, newer buildings were more varied in their size, and quality of construction. There was indication from residents that the buildings featured a lack of quality in installations such as piping or electrical work, but analysis showed there was a trend of increasing building quality for more

recently built buildings. Residents reported, technical issues as the most common problem for these buildings, while abuse or vandalism was the main cause of degradation in their appearance. High levels disrepair deterred management companies from taking on new buildings because of the high cost of maintenance and the lack of collaboration from the residents.

Complexity of joint-ownership affects management style and maintenance requirement

Buildings with a larger amount of elements in joint-ownership (elevators, water tanks, etc.) were more likely to have a central administrative figure. This necessity of an organizing body is also related to building size. Thus, management type was affected by the requirement of more 'bureaucratic' functions, either through more complex maintenance, or through decision making of a larger number of owners. The issue becomes significant in the setting of Albania because of the large gap in building complexity between privatized and newer buildings.

Higher complexity was associated with a larger amount of breakdowns of those elements. Functionality and maintenance was assured only for essential elements such as water pumps, and many of these more 'complex' buildings featured breakdown of the rest of the components. The findings regarding the relationship between complexity and increase in costs concurs with literature. Blandy, Dixon and Dupuis (2006) describe how high rise apartment buildings feature higher maintenance costs than their lower rise equivalent, and that future increase of this type of housing stock should be carefully considered.

Building quality is a stronger determinant than age for conducting renovation work

The analysis shows that initial building construction is a stronger determinant than age of the building in influencing the dilapidation of the building. The results find mixed support from previous studies. Some (Yau, 2009; Montgomery, 1992) provide a strong correlation between building age and propensity to maintain the building. Their argument is cogent, but it assumes a relatively similar degree of initial quality of construction. On the other hand, Yip (2007) describes how buildings only decades old may feature more degradation than older ones. The natural conclusion follows that lack of maintenance is a direct cause of building dilapidation. However in our case findings show that it is the initial quality of construction that predominantly affects the tendency to perform maintenance or upgrading work.

A striking difference between the literature and the findings was the reported building quality levels of pre-fabricated construction. This type of construction is generally reported as being problematic, featuring poor quality construction and lack of thermal standards (Tsenkova, 2009; Hegedüs and Teller, 2003).Yet, residents of this building type in our sample reported average (70%) and above average (30%) quality of construction. Partly explained by the admission that respondents focused on the built quality at the time of construction, the figures show the residents have not had significant problems with this type of structure. Regardless of the building's age and weathering, the residents did not feel they needed to perform restoration work on the facade or common areas. However, these findings are based on one building, and further studies are required to arrive at general conclusions.

Administrators had little technical know-how, while contractors had significant influence

Aside from company employees, administrators were untrained residents that dealt predominantly with organizational aspects of collection and reporting and had little technical knowledge regarding quality of maintenance performed. Their main concern was securing a satisfactory collection rate and minimizing conflict, where they relied mostly on their 'social skills'. In line with Soaita's findings (2012), residents reported that trustworthiness and reliability were important characteristics of their administrators. These administrators had few viable training options available to them to improve their management or technical skills.

Moreover, in buildings with *ad hoc* administration, such as privatized buildings, the administrator was the preferred method of management as it provided residents with an authority figure that they can direct their complains to.

An unexpected factor that had significant influence in the management of buildings were the third-party technicians, who especially in the case of elevator maintenance, enjoyed significant control through an informal understanding. Even for one time maintenance work, these technicians were chosen through personal connections, without proper certification, that at the least may provide costlier service, or at the worst deliver lower quality service.

5.2.2 Financial factors

Management had little impact on the value of the property

Literature stresses the importance that proper building maintenance has on the value of the property and it is cited as a main component of its very definition (Seeley, 1976, cited in Lee and Scott, 2008). Residents opinions and real estate information indicate that although buyers may show reserve in purchasing a poorly managed building, maintenance has little effect on the price of the unit itself. However, privatized buildings are generally 15 to 20% less expensive that newer construction drawing from the fact of their general dilapidation. Moreover, buyers were less inclined to buy apartments that might feature problems in the event of mismanagement or repair problems. Thus, management quality had a passive influence in people's decisions, and it did not impact them in their financial considerations.

Income level had little impact on the residents willingness to pay for maintenance

Newer buildings incurred substantially higher management costs than privatized buildings. For both building types, residents showed no problems in making their monthly payments, and many of them would be willing to pay more in exchange for satisfactory management. This indicated that many residents believed there was room for a considerable improvement in the management services of their buildings.

Non-payers were profiled as residents who believe payment is unfair compared to their amount of use of the common spaces. The majority of residents were found to be financially able to pay their contributions. Thus, it was implied that the level of transparency of expenses, and awareness of the importance of maintenance duties affect the residents willingness to comply to their monthly obligation. Turnover of residents was a problem for collections as it created temporary vacuums in the management cash flow.

Banking and reserve funds were universally avoided by administrators

Banking services were felt unnecessary from resident-administrators due to the relatively low budget they were managing. Repair expenses were considered and collected in an individual basis. Albania still features a culture of cash transactions which may prove impractical for some residents to pay their contributions in that manner.

Loans for major repair work were likewise not considered. Such a service is also difficult to provide from banks as they do not anticipate for such situations, requiring collateral, to deal with individuals or registered organizations. Such requirements are currently out of reach for almost all of the buildings in the city.

Reserve funds featured similar logistical problems of creation from the banks. Moreover, this practice was found to generate more unrest in the residents. This was due to unclarity of the fund's role, creating great displeasure when extra payments were required that the fund could not cover. Managing payments of repairs on a per case basis was found simpler and more transparent that the establishment of a reserve fund.

5.2.3 Social factors

Privatized and newer buildings had a significantly diverse social make up

Privatized buildings consisted of smaller, and typically older households than newer buildings. Moreover, they featured, smaller and more cohesive communities with strong ties between the neighbours. Type of tenure was more varied in newer buildings as they featured a higher number of renters. Residents in these buildings cited a lack of a central authority figure and unclarity of responsibilities as the main contributor to management dissatisfaction. Building location was also a contributing factor to social make up, whereas buildings in the periphery of the city had larger household size, with poorer income and lower education levels.

Duration of residence was a strong indicator of community cohesiveness and participation

Literature on the subject suggests that social composition has an effect on participation levels and that a diverse make-up can generate a diversity of contrasting opinions that create difficulty in decision making (Haworth and Manzi, 1999; McClintock and Liebrand, 1988). This was not found to be the case. Community cohesiveness was more depended on duration of residence than the social mix of the building. Due to the building's age, privatized buildings had longer periods of residence, which along with the small building size, resulted in higher participation and awareness levels. Their simplicity of structure and management helped them in this regard as they had no expenses to keep track of, and no administrative figure to miscomprehend. However, these older buildings featured a diversifying composition as new residents moved in, and residents reported decreasing trend of their community cohesiveness as well as a deterioration of the quality of the common spaces.

In comparison, newer buildings that had a higher resident turnover featured less affinity between neighbors, and were associated with lower participation levels. Yet, these factors did not impact the reported satisfaction levels of the residents and they were not necessarily conductive of management form.

Smaller buildings were less inclined to pursue formal management solutions

Residents in privatized buildings were more actively communicating and exchanging information between them without the use of formal meetings. Although they agreed that the establishment of a central figure was important to speed up procedure and accountability, they were split on whether they should formalize and register the administration of their building. Many were content with the way they had been doing things and felt the change unnecessary.

On the other hand, newer buildings reported having more meetings, but the attendance to them was much lower. The residents of these buildings were least aware of the functioning of their management system, but that did not impact their relatively high satisfaction levels. This lack of involvement comes naturally after management duties are no longer managed by all, but at the hands of a central figure. In these buildings, the size of the community made it difficult for residents to have information exchange among each other on a first basis, and the time commitment required for administrative tasks necessitated a dedicated formal administrative presence.

5.2.4 Legal and Institutional factors

The public is uninformed about joint-ownership and the administration law

Residents showed that they were generally misinformed about what constituted joint-ownership areas. Consequently they believed they had different obligations than what the law

specified. Reasons for such misinformation is a combination of lack of accessibility of this information, a lack of interest to pursue it, and a purposeful desire to misunderstand it. Lack of interest is due to the relatively little trust citizens have regarding government enforcement of the law. Unwillingness to use it is explained from the desire of some of the residents to have exclusive rights to some of the items under joint-ownership, and for some to not have any obligation towards maintaining those items. However, general public opinion was that the law is important to clarify responsibilities in building management, but residents in privatized buildings were undecided whether they needed it, or if it is useful for conflict resolution.

Financial and bureaucratic issues hindered registration process

Complying with the law requires a significant time and monetary commitment in the face of unclear direct benefits. Many properties are not yet equipped with a certificate of ownership which prevents them from registering their building and establishing a legal management entity. Establishing such an entity requires preparation of technical documentation and the retrieval of information, which is difficult for older, privatized buildings.

Municipal support was considered crucial for overcoming problematic issues

The citizens generally perceived a lack of performance from the municipality when it was requested. This impacted on their confidence that municipal authority may be truly helpful in management of their building. However, there was a prevalent desire to comply to rules and to register. Residents in buildings featuring *ad hoc* administration believed that only an intervention from the authority would improve the management of their buildings, some requesting that the municipality assign administrators or take the management on themselves.

Management companies and administrators were adamant in their request for greater municipal assistance. They particularly requested backing during conflicts, such as when residents were resisting payment, or when there were illegal modifications to the façade or public areas. Collection of monthly fees was also a field they believed the municipality may help, by facilitating a way to make them compulsory for residents.

5.3 Recommendations

The legal framework covering the management of multi-unit residential buildings is a comprehensive body of legislation that addresses all facets of building management. Yet, the law has not been adopted and has failed to produce a tangible impact in the existing management practices. The following recommendations are meant to address some of the issues contributing to this problem, as applied to both privatized and newer building types.

Firstly, citizens' awareness of the legislation and of what constitutes joint-ownership with its accompanying obligations should be increased, as the lack thereof negatively impacts the endorsement of quality management practices. This may be accomplished through awareness campaigns, and also by making the law more accessible to the public. Secondly, administrators, and especially volunteer administrators require better technical and managerial training to equip them with the necessary know-how to implement and run formal management institutions. This may be achieved through the creation of easily accessible and inexpensive training programs while also planning for any subsidies that might be required to boost attendance. Thirdly, the requirements and procedure to register the act of joint-ownership as well as registration of the administrator needs to be reassessed and simplified. Transaction costs for these procedures were relatively high in comparison to the benefits obtained, and many owners/administrators found it simpler to continue the management informally. Lowering of these transaction costs (both monetary and in time) or in some cases,

relieving the owners from such duties (transferring the obligation to the municipality or the builders) might boost registration rates and help instate a formal management system in the city.

Lastly, the comparative aspect of this research has shown that management policies should be tailored differently for privatized and newer buildings. Privatized buildings were characterized by smaller communities which do not necessitate the establishment of a composite administrative body (assembly, board, chairperson, administrator, etc.), while newer buildings featured more complex common property that required more advanced management processes. This difference in approach may be pursued through amendments in the legislation, but it may also be achieved through the mechanisms employed by the local government in addressing these issues. A possible solution that also targets residents disinterest in common areas might be the introduction of a different form of tenure system like a cooperative. As literature suggests, these systems can help the residents perceive the ownership of a building as a whole and can perform well for smaller sized buildings. However, the legal ramifications of that solution are difficult to establish.

5.4 Areas of further research

Further research should be aimed at both a comprehensive and a focused approach to contributing to this body of knowledge. A clear stepping stone from this research is to overcome its spatial limitation of pertaining only to the city of Tirana, and expand the findings on a country level, observing how the contexts of different cities further affect the management of privatized and newer multi-family housing. A shortfall of this particular research was the lack of individual (resident or otherwise) administrators earning a profit from their activity. These type was not found (as they are not registered) in the limited time frame of the research, but information regarding these instances should be pursued and may inform the way that individuals can engage in a profitable management practice.

The study has found that the various factors that influence building management practices are considerably different when comparing the two building types, but that the legal and institutional framework makes no distinction between privatized and newer buildings to account for their different contexts. Although the research has determined the need for such a distinction, more information is needed to establish how each legal component can be adjusted or modified to address these issues. Such studies could be used as a gateway into improving the policies and finding appropriate ways to encourage the citizens to adopt them.

The data analysis chapter also raises several questions that could not be addressed with the available information. Privatized buildings were found to feature a certain level of dilapidation and disrepair, while literature suggested that such dilapidation proves a large financial barrier to rehabilitating this stock. A study exploring the actual monetary amount required to restore these buildings would provide concrete information on the issue. This is particularly relevant considering our unexpected findings that residents had good opinions of the construction quality of their prefabricated building. Moreover, an area that was not explored due to lack of data was the influence, or potential influence of developers on the management of their completed buildings. The current law bestows on the developers significant duties, and powers, whereas literature suggest that such allowances can lead builders to abuse their position at the detriment of the owners. Nevertheless, what has become clear from the research is the lack of concrete statistic or data relating to the issue of management. Further research is needed to contribute to this body of knowledge so that policy makers can make the best decision for the unique Albanian context.

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Annexes

Annex 1: List of data collection (interviews and surveys)

	Date	*Name*	*Interviewee Position, Location*	*Type, approximate duration*
1	20-07-2013	Artan Kallavari	Administrator, Building 6	Personal Interview, 25 minutes
2	21-07-2013	Mikel Koja	Administrator, Building 7	Personal Interview, 21 minutes
3	26-07-2013	Blerim Bytyci	Manager of Services for the Department of Management of Objects in Join-ownership, The municipality of Tirana	Personal Interview, 27 minutes
4	23-08-2013			E-mail communication
4	30-07-2013	Valbona Begolli	President of Management Company, "Albpastrim" sh.p.k.	Personal Interview, 37 minutes
5	03-08-2013	Ervin Vaso	Director of Management Department, "Edil al" sh.p.k.	Personal Interview, 23 minutes
6	07-08-2013	Dhimitraq Zoto	Administrator, Building 9	Personal Interview, 24 minutes
7	11-08-2013	Ilda Zaloshnja	Real Estate Broker, Century 21st the Point Office	Personal Interview, 9 minutes
8	21-08-2013			E-mail communication
9	13-08-2013	Elion Tafo	Banker, Raiffeisen Bank	Personal Interview, 7 minutes
10	27-08-2013	Flamur Collaku	Deputy Director of ZRPP	Telephone communication, 4 minutes
11	25-08-2013	Luljeta Dauti	Specialist at the Sector of Employment Policies, Ministry of Labour, Social Services and Equal Chances	Telephone communication, 6 minutes
	29-08-2013			E-mail communication
12	26-08-2013	Francesco Di Castri	President of 'Sinteg s.r.l.'	E-mail communication

Building No.	*Period of Survey Administration*	*Nr. of Households*	*Nr. of Surveys conducted*
1	23-07-2013	8	5
2	24-07-2013 to 25-07-2013	18	5
3	26-07-2013	15	10
4	31-07-2013 to 12-08-2013	20	6
5	01-08-2013 to 02-08-2013	12	10
6	19-07-2013 to 21-07-2013	35	10
7	20-07-2013 to 22-07-2013	24	10
8	02-08-2013	28	10
9	06-08-2013 to 07-08-2013	54	10
10	09-08-2013	67	10

Annex 2: Building Profiles

Building # 1	Privatized
	**Year of Construction** 1962
	Location Wilson Square
	Stories 4 Residential, 1 Commercial
	Units per Stairwell 8
	Property Value 1100 €/m2
	Management Self-Managed (*Ad hoc*)

Building Features

- Loadbearing masonry construction, plastered façade
- Partly Underground level has been converted to Commercial
- Façade opposite the main street features considerable informal additions

Community Features

- Marked lack of public space, recreational or playgrounds

Building # 2	Privatized
	**Year of Construction** 1994
	Location Rr. Shyqyri Ishmi (Ali Demi)
	Stories 6 Residential
	Units per Stairwell 18
	Property Value 700 €/m2
	Management Self-Managed (*Ad hoc*)

Building Features

- Mixed loadbearing masonry and concrete construction
- Very poor quality building built with government funding after regime change
- Façade plastered and painted by owners

Neighbourhood Features

- Some seized space by 1st floor residents, parking, other high rise
- Residents are generally from politically persecuted (during communism) families

Building # 3	Privatized
	
Year of Construction	1969
Location	Rr. Sokrat Mosko (Kombinat)
Stories	5 Residential
Units per Stairwell	15
Property Value	550 €/m2
Management	Self-Managed (*Ad hoc*)

Building Features

- Loadbearing silicate masonry construction
- Façade with balconies features informal additions

Neighbourhood Features

- Removed from main road
- Ample open space, playgrounds, greenery, - lots of people in public spaces

Building # 4	Privatized
	
Year of Construction	1983
Location	Rr. Ded Gjo Luli (Piazza, Qender)
Stories	5 Residential 1 Commercial
Units per Stairwell	20
Property Value	1200 €/m2
Management	Self-Managed (*Ad hoc*)

Building Features

- Concrete Frame, brick infill structure, with tiled façade facing the main street
- Stairwells feature a garbage chute, and planned space for elevators (not used)

Neighbourhood Features

- Busy commercial area, some units have been converted to commercial activities
- Open space, cafes and greenery in the front, congested in the back

Building # 5	Privatized
	
Year of Construction	1988
Location	Rr.Ylbere Bylykbashi (Close to Ataturk Square)
Stories	6 Residential
Units per Stairwell	12
Property Value	800 €/m2
Management	Self-Managed (*Ad hoc*)

Building Features

- Prefabricate concrete construction, with plastered façade

Neighbourhood Features

- Buildings surround a courtyard with open space and playground
- Quiet and removed from main street

Building # 6	New Construction
	
Year of Construction	2006
Location	Rr. 3 Dëshmorët (Fushë Yzberisht)
Stories	7 Residential, 2 Commercial, 1 Parking
Units per Stairwell	35
Property Value	450 €/m2
Management	Administrator (*Resident*)

Building Features

- Concrete Frame, brick infill structure, with plaster façade
- Not daylit stairwells with 2 elevators (1 functioning)
- Intercom system, central water tanks and pump in the basement
- Entry to commercial level and parking is separate from residential entrance

Neighbourhood Features

- New residential area built during the past 13 years, and continuing
- The infrastructure has not kept up with the construction
- Urban layout has a noticeable lack of open spaces or recreational areas

Building # 7	New Construction
	**Year of Construction** 1999
	Location Rr. Sami Frasheri (Blloku)
	Stories 8 Residential, 1 Commercial, 1 Parking
	Units per Stairwell 24
	Property Value 1300 €/m2
	Management Administrator (*Resident*)

Building Features

- Concrete Frame, brick infill structure, with plaster façade
- Daylit stairwell with 1 elevator, with water tank and pump in the basement

Neighbourhood Features

- Congested public space from parking, and construction
- Predominantly commercial area with hotels, bars and cafes
- Building entrance has broken intercom, and a communal mailbox for utility bills

Building # 8	New Construction
	**Year of Construction** 2004
	Location Rr. Sotir Caci (Qesarake, Dajt)
	Stories 7 Residential, 1 Commercial, 1 Parking
	Units per Stairwell 28
	Property Value 550 €/m2
	Management Self-Managed (*Ad hoc*)

Building Features

- Concrete Frame, brick infill structure, with plaster façade
- Not Daylit stairwell with 1 elevators, with water tank and pump in the basement
- Entrance to courtyard through tunnel

Neighbourhood Features

- Little public space in the interior courtyard, high traffic in main road
- Broken intercom and non functioning elevator

Building # 9	New Construction
	
Year of Construction	2005
Location	Rr. Frederik Shiroka (Near Ataturk Square)
Stories	9 Residential, 2 Commercial, 1 Parking
Units per Stairwell	54
Property Value	1100 €/m2
Management	Management Company

Building Features

- Concrete Frame, brick infill structure, with high quality plaster façade
- Not daylit stairwell with 2 elevators, water tank and pump in the basement

Neighbourhood Features

- Little public space, no playgrounds or recreational areas
- Relatively busy street with some commercial, entrance through a tunnel
- Notice board at entrance with administration notices and information

Building # 10	New Construction
	
Year of Construction	2005
Location	Rr. Don Bosko (Vizion Plus Complex)
Stories	9 Residential, 1 Commercial, 1 Parking
Units per Stairwell	67
Property Value	850 €/m2
Management	Building Company

Building Features

- Concrete Frame, brick infill structure, with high quality plaster façade
- Not daylit stairwell with 2 elevators

Neighbourhood Features

- Car free public space, but overtaken with cafes
- Complex with 7 buildings total, and extra commercial spaces

Annex 3: Documentation Requirements for Registration

Steps required to be registered as an Administrator

- Secondary school diploma or higher
- Have no history of voluntary penal infringements (police background check)
- Certificate or diploma of a course relating to building management
    - Requires 3 months on average and aprox. 90,000 Lek
- Registered by the NRC
    - Completed application form
    - Photocopy of identification document
    - Supporting documentation (diploma or certificate)
    - The procedure costs 100 Lek and takes 1 day to process

Steps required for registration of act of joint-ownership

- Act of Joint-Ownership
    - Document listing the identities and the property of each
    - Description of the physical and legal situation of the site
    - Description of the building, the various destination of use of each individual unit, including objects in joint-ownership
    - Plan and drawings that sufficiently identify the location and surface area of each unit within the built structure
    - Share of ownership in common areas for each owner
    - Description of the common areas
    - Procedures for changing the act of joint-ownership
    - Regulations for the procedures of creation and operation of the assembly of owners
- Documentation must be produced by a certified surveyor
- Initial registration of property costs 50,150 Lek and can take up to 30 days

Annex 4: Survey Questionnaire

Date: ___/___/2013

Q # ____

Building # ____

Household Questionnaire

Record building number and keep building observations on a separate sheet.
Write DK (don't know) or NR(no response) if necessary per question.

This survey asks the head of the household and other people in the household about his or her opinions regarding building management. I would like to speak to the head of the household or the person closest to them of age 18 or older.

Household Profile

1. **What is your relationship to the head of the household?**

   [ ] head of household
   [ ] partner of household head
   [ ] child of household head
   [ ] parent of household head
   [ ] sibling of household head
   [ ] other Specify: _____

2. **Respondent Information**

Gender	[ ] Male [ ] Female
Age	
Highest level of completed educational degree	[ ] Elementary School [ ] Secondary School [ ] Post-Secondary Education [ ] Professional Degree
Employment status	[ ] Working [ ] Retired/Government Assistance [ ] Unemployed

3. **How many people live in the household?**

   [ ] Specify #: _____

4. **Do you own this apartment?**

   [ ] No
   [ ] Yes ⟶ [ ] Bought
   [ ] Privatized

5. **How many years have you lived in this particular apartment?**

   [ ] Specify amount: _____

6. **How pleased are you with your;**

	Unhappy				Happy
Neighbourhood	1	2	3	4	5
Building	1	2	3	4	5
Apartment	1	2	3	4	5

7. **How would you rate your relationship with your neighbours?**

   Very Close [1] [2] [3] [4] [5] Distant

8. **What is your monthly family income ?**

   [ ] less than 21'000 Lek
   [ ] 21'000 – 50'000 Lek
   [ ] 50'000 – 80'000 Lek
   [ ] more than 80'000 Lek

Building Management

9. **How much does the management of common areas impact you on your daily life?**

   [ ] A lot
   [ ] Somewhat
   [ ] A little
   [ ] Not at all

10. **How much does the management of common areas impact the value of your home?**

    [ ] A lot
    [ ] Somewhat
    [ ] A little
    [ ] Not at all

11. **According to you, which of the following elements should be jointly-owned in apartment buildings?** *(check all that apply)*

    [ ] Façade and exterior walls
    [ ] Technical wells/conduits
    [ ] Foundation
    [ ] Roof
    [ ] Area surrounding the building

12. According to you, which of the following would be the best option in managing this building?

[ ] Management company
[ ] Building company
[ ] Administrator picked from owners
[ ] A few residents
[ ] No-one/ Everyone contributing a little
[ ] Other, Specify: _____

13. Who is currently in charge of managing this building?

[ ] Management company
[ ] Building company
[ ] Administrator
[ ] A few owners ⟶ Specify how many: _____
[ ] No-one
[ ] Other, Specify: _____

14. How satisfied are you with the way the building is managed?

[ ] very satisfied
[ ] satisfied
[ ] neutral
[ ] a little unsatisfied
[ ] very unsatisfied ⟶ Please explain:

_____

15. How concerned are you regarding the following building management issues?

	Not a problem				Problem
Cleanliness	1	2	3	4	5
Technical Safety	1	2	3	4	5
Building Security	1	2	3	4	5
Utilities (water/electricity)	1	2	3	4	5
Open areas & Parking	1	2	3	4	5
Informal Additions	1	2	3	4	5

16. How do you rate the quality of the initial construction of the building?

[ ] very good quality
[ ] above average quality
[ ] average quality
[ ] below average quality
[ ] poor quality

17. How much is the monthly fee for building maintenance?

Cleaning	Elevator/s	Water distribution	Other _____	**Total**

18. Do you pay the monthly maintenance fee?

[ ] Yes
[ ] Yes, always, but not in full
[ ] Yes, most of the time
[ ] No, because it is not fair
[ ] No, because I can not afford it

19. In your opinion, what would be an acceptable maintenance fee?

[ ] Specify Amount _____

20. Are there regular meetings (at least once a year) of owners to discuss building management issues?

[ ] No
[ ] Only where there are problems
[ ] Yes → **20.1 How often have you attended?**
- [ ] Always
- [ ] Most of the time
- [ ] Sometimes
- [ ] Never

21. Please describe how the residents have handled major repairs such as new water pumps or roof repairs?

_____

_____

_____

22. Have you ever had disputes with the administrator or other owners? How were they resolved?

_____

_____

_____

23. Are you aware about the law regulating the management of apartment buildings?

[ ] heard about it, and know it relatively well
[ ] heard about it but don't know it
[ ] never heard about it, and would like to know more
[ ] never heard about it, and not interested

Law nr. 10 112 passed in year 2009 deals with the regulation of the judicial relationships in the field of management of joint-ownership spaces in residential buildings. It defines the subjects, their mutual rights and obligations as well as the relevant sanctions in case of non fulfilment of these obligations.

24. What is your personal opinion regarding the law? *(check all that apply)*

[ ] it is a necessity to overcome problems
[ ] it is useful to understand legal responsibilities
[ ] it is unclear
[ ] it is difficult to implement
[ ] it is not necessary

25. Do you think your building management should be formalized and registered?

[ ] Yes → Why? _____

[ ] No → Why? _____

26. Do you believe that the municipality can help in managing this building? How or why not?

_____

_____

27. Other remarks?

_____

_____

Annex 5: Guidelines for Expert Interviews

Experts were asked questions pertaining to their field of expertise

- How does management of residential buildings affect their technical and visual quality? How much does this affect the value of the apartments?
- What are the differences between the 2009 law and the earlier law in 1993? Why was it felt necessary to make these changes? Have they produced the desired outcomes?
- Are there differences in the management practice of privatized buildings versus newer buildings? Does the current legal structure anticipate for the different contexts of these two building types?
- Has there been an increase in demand for professional management services? Has there been an increase in supply? Please explain the reasons for such an occurrence, whether there has been change or not.
- In your opinion, how much does the family economic level of the residents provide a barrier to quality management in residential buildings? How do the social aspects of non-cooperation and individualism contribute to this barrier?
- In you opinion, does the average practicing administrator have the appropriate technical skill and know-how to properly manage the this housing stock? What training programs are available to administrators to improve their skills?
- What are the main problems faced by the building management profession? For ex., level of preparation, wages, insurance, etc. How can they be overcome?
- Often is stipulated that the lack of financial resources (including unwillingness to pay) is an obstacle for major repairs or maintenance. Do you agree? Do you think that financial institutions may be useful in facilitating collection of funds, or with providing loans? Why or why not?
- Please describe how municipal institutions help, or should help, in management of these buildings. Please describe the process required to register the management practice with the municipality.
- How many municipal staff members are involved with issues regarding the management of residential buildings. Please provide a description of the structure of the department.
- Are you aware of any legal cases born out of, or involving conflicts regarding residential building management? If yes, which are they and how were they resolved? If not, how do you believe that people are able to prevent the escalation of the conflict till legal action.
- Has there been NGOs or programs in Albania that has impacted the field of residential building management? Please describe.
- Has there been initiatives/projects to create a formal system of building management in a multi-unit residential building? If so, please describe their achievements or any problems they faced. Were these initiatives considered successful or not, and why?

- How are the joint-ownership obligations usually specified during the buying of an apartment? How are they specified in the certificate of ownership? Do new buyers show interest regarding the building administration?

- Does the quality of management in a particular building impact the value of the apartment under sale? If yes, how and how much?

- Does the period of construction (privatized building vs. newer buildings) impact the value of an apartment?

- Do buyers express hesitation for apartments whose buildings show a marked ambiguity in management responsibilities? (for ex. they don't prefer the last floor due to unclear obligations of potential repairs)

- What banking account options are available to an assembly of owners? What is the banking policy regarding loans such organizations?

Annex 6: Guidelines for Administrator Interviews

Date: ___/___/2013

Building # ____

Guidelines for Administrator Interviews

Interviewee Information

Gender	[ ] Male [ ] Female
Age	
Highest level of Completed degree	[ ] Elementary School [ ] Secondary School [ ] Post-Secondary Education [ ] Professional Degree
Current Employment Status	[ ] Employed as Administrator [ ] Employed elsewhere [ ] On a pension/assistance [ ] Unemployed
Relation with building	[ ] Live here, owner [ ] Live here, tenant [ ] Don't live here, own property [ ] Don't live here

- How did you get involved in the management of this building?
- How is your relationship with the residents? How well do you know them? How do they treat you? How many of the units are rented?
- Do you get a salary for your work? How much? If not, what are the reasons that keep you involved? How much do you think this job should be paid?
- How much time does this job take? What part of the day or week do you perform your duties?
- Do you keep accounts of all management expenses? Please describe the daily maintenance costs, the amounts and the time in which they are paid? May you provide me with budget sheet?
- What is the quality of the installed building components? How often do breakdowns happen? Are there any monitoring procedures to anticipate repairs before breakdown? What is generally planned for in terms of maintenance?

- How do you deal with major repairs? How are contractors selected and contracted?
- Is there a reserve fund? Please describe. If not, why? Are you able to rely on a financial institution to keep a fund or for emergency repair loans?
- How much does each household pay for maintenance and when is it collected? What percentage of the households pay? What percentage of the total anticipated is usually collected?
- Why do some households not pay? How have you dealt with not paying households? If there is a deficit, how is it solved? Has there ever been legal or other action against an owner? Explain
- How often are there general meetings with residents? How are these conducted? How are they informed of new developments?
- What is your opinion regarding the new building management law passed in 2009? Are there any difficulties in implementing it, if so what are they?
- What are the major challenges in performing your job? How can it be overcome?
- Please describe how the municipality helps or you would like them to help with building management. Or should municipality not be involved at all?

Annex 7: Observation Form

Date: ___/___/2013

Building # ____

Building Observation Form

Building Location: _____

No. of Residential Stories: _____

No. of Commercial Stories: _____ **Underground:**_____

No. of Units per Level in stairwell: _____

Communal area features;

Daylit Stairwell	
Elevator/s (Specify No.)	
Secure Entrance / Intercom	
Underground Parking	
Protected access to utilities & Roof	
Garbage Chute/Depot	

Signs of Visible Deterioration;

	Amount				
	None	A little	More	A lot	A lot more
Uncleanliness (eg. *dirt, smells, etc.*)					
Signs of Destruction (eg. *broken windows, scratched doors, broken tiles*)					
Lack of Maintenance *(eg. burned light bulbs, cracked paint)*					
Damaged Elevators	Specify No.				
Informal Additions (eg. closed balcony, extra stories)					
Rooftop Water Tanks					
Seized Public Space *(eg. parking, cafes, fencing etc.)*					

Neighbourhood and Community *(support with photographs)*

Describe neighbourhood features *(kids playing, noise and air pollution, predominantly commercial/residential, green areas, vehicle congestion, etc.)*;

_____

_____

Describe building construction & exterior facade *(plastered, prefabricated, painted, brick bearing/reinforced concrete, water damage/dilapidation, informal additions)*

_____

_____

_____

Describe building community features *(notices, for sale signs, mail pickup/abandoned)*

_____

_____

_____

_____

Other remarks

_____

_____

_____

_____