Republic of Latvia

Cabinet

Regulation No. 408

Adopted 11 July 2017

**Regulations Regarding the Calculation of the Payment for the Administration and Management of a Residential House**

*Issued pursuant to*

*Section 50, Paragraph four of the law On Privatisation of State and Local Government Residential Houses*

1. The Regulation prescribes the procedures by which the administrator of a residential house (hereinafter – the administrator) shall:

1.1. draw up an estimate of the work for the maintenance and management of the residential house (hereinafter – the estimate) for a calendar year (Annex 1);

1.2. calculate the payment for the administration and management of the residential house (hereinafter – the administration payments) for each owner of an apartment, artist’s workshop, and non-residential premises (hereinafter – the apartment owner);

1.3. notify the apartment owners of the amount of the administration payment for a calendar year;

1.4. inform the apartment owners of the costs provided for in the estimate;

1.5. prepare an overview for the apartment owners of the use of the administration payments in the current year.

2. The administrator shall include the information indicated in Annex 1 to this Regulation in the estimate, including:

2.1. the payment for the administration service which includes:

2.1.1. the mandatory expenditures;

2.1.2. the payment for the service provided to the apartment owners in the administration of their private property (hereinafter – the remuneration for administration);

2.2. the payment for the repair, renewal, or rebuilding of the residential house (hereinafter – the maintenance work) to be carried out in subsequent periods within the scope of the mandatory administration activities.

3. The mandatory expenditures shall be included in the estimate of each residential house administered by the administrator, indicating the price of each service separately and also the direct costs of the service. The procedures for the calculation of expenditures included in the items of the estimate shall be determined by the administrator.

4. The price of the service shall consist of the direct costs of the service, the indirect costs of the service, and the remuneration for administration if it has not been included in the estimate as a separate item.

5. The mandatory expenditures for the repair of the residential house and also the payment for the repair work of the residential house to be carried out in subsequent periods within the scope of the mandatory administration activities shall be included in the estimate if damages to the residential house have been detected during a visual inspection or a technical survey.

6. The mandatory expenditures for the renewal or rebuilding of the residential house and also the payment for the renewal or rebuilding of the residential house to be carried out in subsequent periods within the scope of the mandatory administration activities shall be included in the estimate if it has been concluded in the opinion of the technical survey that the renewal or rebuilding of the residential house is a precondition for further exploitation of the residential house.

7. The administrator need not include the mandatory expenditures for the renewal or rebuilding of the residential house and also the payment for the renewal or rebuilding of the residential house to be carried out in subsequent periods within the scope of the mandatory administration activities in the estimate if the structures of the residential house or their elements are in emergency or pre-emergency condition and the technical indicators of exploitation of the residential house and other exploitation indicators related thereto have deteriorated to the extent that the renewal or rebuilding of the residential house is not economically justified.

8. The administration payments shall be calculated, using the following formula:

 where

P – the administration payments (in euros per month for a square metre of the useful area of the residential house);

I – the administration expenditures for the subsequent calendar year (in euros per year);

A – the remuneration for administration if it is not included in the price of services provided within the scope of the mandatory administration activities (in euros per year);

U – the payment for the maintenance work of the residential house to be carried out in subsequent periods within the scope of the mandatory administration activities (in euros per year);

Pl – the useful area of the residential house in square metres indicated in the cadastral survey file of the residential house.

9. If the administrator does not have the current cadastral survey file of the residential house at its disposal, the administration payments shall be calculated, using the formula indicated in Paragraph 8 of this Regulation, replacing therein the useful area of the residential house with the total area of the residential house indicated in the inventory file of the residential house (m2) which has been updated, taking into account the coefficient of 0.5 applicable to the area of loggias and the coefficient of 0.3 – to balconies and covered terraces.

10. The administrator shall, by 15 October of the relevant year, notify the apartment owner in writing of the calculated administration payments for the subsequent calendar year. The time when and the place (for example, the house file, website, information stand) where the apartment owner may become acquainted with the estimate and also the plan for the maintenance work of the residential house (Annex 2) shall be indicated in the notification.

11. The administrator shall, within one week, send the estimate and the plan for the maintenance work of the residential house to the apartment owner after receipt of a written request by the apartment owner.

12. If, in accordance with Paragraph 7 of this Regulation, the administrator has not included the mandatory expenditures for the renewal or rebuilding of the residential house and also the payment for the renewal or rebuilding of the residential house to be carried out in subsequent periods within the scope of mandatory administration activities in the estimate, the administrator shall, concurrently with the notification referred to in Paragraph 10 of this Regulation of the calculated administration payments for the subsequent calendar year for each apartment owner, send an invitation to the general meeting of apartment owners to be convened in accordance with the procedures laid down in the Law on Residential Properties, however, not earlier than one week after sending the invitation.

13. The community of apartment owners may take the following decision in the general meeting of apartment owners which has been convened in accordance with Paragraph 12 of this Regulation:

13.1. on approval of the plan for maintenance work prepared and the administration payments calculated by the administrator;

13.2. on inclusion of the renewal or rebuilding work of the residential house recommended in the technical survey in the plan for the maintenance work of the residential house and inclusion of the costs thereof in the estimate;

13.3. on the procedures for the renewal or rebuilding of the residential house, including determining the financing, the time of carrying out, and the annual breakdown of the financing;

13.4. on provision of sanitary maintenance of the functionally required plot of land and common-use premises of the residential house without the intermediation of the administrator, determining the procedures for work and the responsibility of apartment owners in the decision;

13.5. on the inclusion of insurance costs in the estimate;

13.6. on taking over the administration rights of the residential house;

13.7. on the authorisation of a person for the communication of the community of apartment owners with the administrator.

14. The community of apartment owners shall, not later than within six weeks after the day indicated in the notification referred to in Paragraph 10 of this Regulation, take a decision on approval or rejection of the plan for the maintenance work of the residential house prepared and the administration payments calculated by the administrator.

15. Upon taking a decision on approval or rejection of the plan for the maintenance work of the residential house and the administration payments in accordance with Paragraph 14 of this Regulation, the community of apartment owners:

15.1. may not waive ensuring of the mandatory administration activities;

15.2. may not waive the carrying out of the repair, renewal, or rebuilding work of the residential house included in the plan for the maintenance work of the residential house;

15.3. may take a decision on the determination of different service costs, indicating a proposal for ensuring the administration activity (for example, another service provider, other methods for the carrying out of work);

15.4. may take a decision on another source of financing for the repair, renewal, or rebuilding of the residential house;

15.5. may take a decision on another time for the carrying out of the repair, renewal, or rebuilding work of the residential house or the annual breakdown of financing;

15.6. may take a decision on provision of sanitary maintenance of the functionally required plot of land and common-use premises of the residential house without the intermediation of the administrator, determining the procedures for work and the responsibility of apartment owners in the decision;

15.7. may take a decision on the inclusion of insurance costs in the estimate;

15.8. may take a decision on taking over the administration rights of the residential house;

15.9. may take a decision on the authorisation of a person for the communication of the community of apartment owners with the administrator.

16. If the administrator cannot ensure that the decisions taken by the community of apartment owners on the issues referred to in Sub-paragraphs 15.4 and 15.5 of this Regulation are implemented and submits a relevant justification to the apartment owners, the community of apartment owners shall, not later than within two months after receipt of the abovementioned justification, decide on taking over the administration rights of the residential house.

17. The authorised person of the apartment owners shall submit the decision of the community of apartment owners referred to in Paragraph 14 of this Regulation to the administrator within one week after taking thereof.

18. The plan for the maintenance work prepared and the administration payments calculated by the administrator shall enter into effect on 1 January of the subsequent year or within another time period stipulated by the administrator if:

18.1. the general meeting of apartment owners convened in accordance with Paragraph 12 of this Regulation did not have a quorum and a decision has not been taken therein;

18.2. the community of apartment owners has not taken the decision on the approval of the plan for the maintenance work and administration payments within the time period referred to in Paragraph 14 of this Regulation;

18.3. the community of apartment owners has not taken the decision on taking over the administration rights of the residential house within the time period referred to in Paragraph 16 of this Regulation.

19. The administrator has an obligation to provide a written reply to the authorised person of the community of apartment owners or to the apartment owners, within two weeks, regarding the possibilities of ensuring the mandatory maintenance activities in conformity with that specified in the decision of the community of apartment owners. If the community of apartment owners has decided on a different time for the carrying out of repair, renewal, or rebuilding, the administrator shall indicate in the reply whether the carrying out of the maintenance work within the time period offered by the community of apartment owners will not endanger further exploitation of the residential house.

20. If the administrator has rejected the possibility of ensuring the mandatory maintenance activities according to the proposal approved by the community of apartment owners and the community of apartment owners has not taken the decision on taking over the administration rights of the residential house within the offered time period, the plan for the maintenance work drawn up and the administration payments calculated by the administrator shall enter into effect on 1 January of the subsequent year or within another time period stipulated by the administrator.

21. The administrator has the right, in addition to the specified administration payments, to request and the apartment owners have the obligation to cover the resources spent for extraordinary repair in the following cases:

21.1. such damages must be eliminated with the extraordinary repair the occurrence of which could not have be foreseen and the maintenance work necessary for the elimination could not be included in the plan for the maintenance work of the residential house;

21.2. the administrator has detected damage which causes an emergency situation and may endanger human life, health, or property and has included the costs for the elimination thereof in the estimate, however, the community of apartment owners has taken a decision, by 31 December 2016, not to include the expenditures of the maintenance work in the administration payment;

21.3. the administrator has detected damage which causes an emergency situation and may endanger human life, health, or property and has included the work necessary for the elimination thereof in the plan for the maintenance work of the residential house and the costs in the estimate, however, the resources intended for the elimination of the damage are not sufficient to cover the costs of the maintenance work.

22. The administrator shall place the information on the carrying out of an extraordinary repair in a place visible to the apartment owners in the residential house.

23. After carrying out of an extraordinary repair, the administrator shall:

23.1. invite the authorised person of the community of apartment owners, if such has been appointed, in writing to participate in acceptance of the work carried out;

23.2. within two weeks after carrying out of the repair, notify the authorised person in writing of the costs of the extraordinary repair and also indicate the justification for the carrying out of the extraordinary repair, however, if the authorised person has not been appointed, the administrator shall place the abovementioned information in a place visible to the apartment owners in the residential house.

24. The administrator shall, each year by 1 April, notify the apartment owners in writing where (for example, the house file, website) the apartment owner may become acquainted with the overview of revenues and expenditures of the administration and management of the residential house for the previous calendar year (Annex 3).

25. If the administrator also performs other economic activity apart from the administration of residential houses, the administrator shall ensure separate accounting of economic activity related to the administration of residential houses.

26. The administrator has an obligation to indicate in its description of the accounting policy the methods for the formation of costs (including indirect costs) forming the service ensured within the scope of administration activities.

27. The administrator shall, within four weeks after receipt of a written request of the apartment owner, issue information to the apartment owner on revenues and expenditures attributable to the residential house, including information on the methods for the formation of costs.

28. If the administration rights of the residential house are taken over by the apartment owners:

28.1. the administration shall hand over to the apartment owners:

28.1.1. the payments collected but not used for the carrying out of the maintenance work for the maintenance work of the residential house to be carried out within the scope of the mandatory administration activities in subsequent periods;

28.1.2. the part of the administration expenditures collected but not used for ensuring the mandatory administration activities;

28.2. the apartment owner shall, according to the volume of the undivided share of the joint property included in his or her residential property, cover the part of the resources spent but not paid for the extraordinary repair referred to in Sub-paragraph 23.2 of this Regulation.

29. Cabinet Regulation No. 1014 of 9 December 2008, Regulations Regarding the Calculation of Payment for the Administration and Management of the Residential House (*Latvijas Vēstnesis*, 2008, No. 196; 2013, No. 186), is repealed.

Prime Minister Māris Kučinskis

Acting for the Deputy Prime Minister, Minister for Economics –

Minister for Education and Science Kārlis Šadurskis

**Annex 1**

Cabinet Regulation No. 408

11 July 2017

**Estimate of the Maintenance and Management Works of the Residential House for the Year \_\_\_\_\_\_\_**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Address of the house** |  |  | **Administrator of the house** |  |
|  |  |  |  | (name, registration number, address) |

|  |
| --- |
| **Information on the residential house1:** |
| **1. Total area of residential properties (m2)** |  |  |
| **2. Number of residential properties** |  |  |
| **3. Other information on the building** |  |  |
| **4. Internal engineering networks and equipment** |  |  |
| **5. External engineering networks** |  |  |
| **6. Territory development** |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Service | Price of the service per m2 of the residential property area per month2 (in euros) | Costs of the service per m2 of the residential property area per month (in euros) | Amount (in euros) |
| per month | per year |
| **I.** | **Payments to be received** |  |  |  |  |
| 1. | Payments for the administration service |  |  |  |  |
| 1.1. | Mandatory administration expenditures |  |  |  |  |
| 1.2. | Remuneration for administration3 |  |  |  |  |
| 2. | Payments for the repair, renewal, or rebuilding of the residential house to be carried out in subsequent periods within the scope of the mandatory administration activities |  |  |  |  |
| 3. | Insurance4 |  |  |  |  |
| 4. | Other revenues (specify the type) |  |  |  |  |
| **II.** | **Planned expenditures** |  |  |  |  |
| 1. | Administration expenditures |  |  |  |  |
| 1.1. | Sanitary maintenance of the residential house |  |  |  |  |
| 1.2. | Conducting of the file of the residential house |  |  |  |  |
| 1.3. | Planning, organisation, and supervision of the administration work |  |  |  |  |
| 1.4. | Entering into contracts for the supply of heat energy, also natural gas, for the ensuring of water supply and sewage services, the removal of municipal waste, for electricity, for the use of the functionally required plot of land |  |  |  |  |
| 1.5. | Provision of information to State and local government authorities |  |  |  |  |
| 1.6. | Visual inspection of the residential house, the installations and communications located therein |  |  |  |  |
| 1.7. | Technical survey of the residential house, the installations and communications located therein |  |  |  |  |
| 1.8. | Technical maintenance of the engineering communications and systems of the installations of the residential house5 |  |  |  |  |
| 1.8.1. |  |  |  |  |  |
| 1.8.2. |  |  |  |  |  |
| 1.9. | Maintenance works of the residential house, the installations and engineering communications located therein5 |  |  |  |  |
| 1.9.1. |  |  |  |  |  |
| 1.9.2. |  |  |  |  |  |
| 1.10. | Ensuring conformity with the minimal requirements specified for energy efficiency of the residential house |  |  |  |  |
| 1.11. | Ensuring conformity with the requirements specified for the residential house as an environmental object |  |  |  |  |
| 2. | Insurance4 |  |  |  |  |
| 3. | Other expenditures related to the administration of the residential house (specify the type)4 |  |  |  |  |
| **III.** | **Payments for the maintenance work of the residential house, the installations and engineering communications located therein to be carried out in subsequent periods** |  |  |  |  |

Notes.

1. If the administrator is using another form of the estimate, the items to be indicated in the estimate should conform to the requirements of this Annex. The administrator may expand the items indicated in the estimate.

2. 1 Such information shall be indicated which can explain the planned items of expenditures.

3. 2 If the remuneration for administration is not included in the price of services provided within the scope of the mandatory administration activities, the price of service shall be equivalent to the administration costs.

4. 3 The remuneration for administration shall be separated individually if it is not included in the price of services provided within the scope of the mandatory administration activities.

5. 4 It shall be included in the estimate if the community of apartment owners has decided thereon.

6. 5 The planned work shall be indicated.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Drawn up by |  |  |  |  |  |
|  | (given name, surname) |  | (signature) |  | (date) |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Approved by |  |  |  |  |  |
|  | (given name, surname) |  | (signature) |  | (date) |

Acting for the Deputy Prime Minister,

Minister for Economics – Minister for Education and Science Kārlis Šadurskis

**Annex 2**

Cabinet Regulation No. 408

11 July 2017

**Plan for the Maintenance Work of the Residential House**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Address of the house** |  |  | **Administrator of the house** |  |
|  |  |  |  | (name, registration number, address) |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Element, installation, engineering communication, or element of the territory development of the residential house | Type of the maintenance work | Information on visual inspection or technical survey | Planned time for the carrying out of the maintenance work | Planned costs of work1(in euros) | Proposals for the source of financing of work | Annual breakdown of the administration expenditures(in euros per year) |
| Building |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Internal engineering networks and equipment |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| External engineering networks |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Territory development |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

Notes.

1. If the administrator is using another form of the plan, the items to be indicated in the plan should conform to the requirements of this Annex. The administrator may expand the items indicated in the plan.

2. The plan for the maintenance work of the residential house shall be drawn up for at least three subsequent years. Upon determining the time period for the carrying out of the work included in the plan for the maintenance work of the residential house, the administrator shall take into account the technical condition of the residential house.

3. 1The amounts have been indicated according to the average market prices of the year \_\_\_\_\_\_\_ and may change after the calculation of all related costs and depending on the time of carrying out the work.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Drawn up by |  |  |  |  |  |
|  | (given name, surname) |  | (signature) |  | (date) |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Approved by |  |  |  |  |  |
|  | (given name, surname) |  | (signature) |  | (date) |

Acting for the Deputy Prime Minister,

Minister for Economics – Minister for Education and Science Kārlis Šadurskis

**Annex 3**

Cabinet Regulation No. 408

11 July 2017

**Overview of the Revenues and Expenditures of the Administration and Management of the Residential House for the Year 20\_\_\_**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Address of the house** |  |  | **Administrator of the house** |  |
|  |  |  |  | (name, registration number, address) |

**Administration fee \_\_\_\_\_\_\_\_\_\_\_\_** euros/m2 per month

|  |  |  |  |
| --- | --- | --- | --- |
| No. | Positions of revenues and expenditures | Planned amount in the reporting period (euros) | Actual amount in the reporting period (euros) |
| I. | Remaining payment at the beginning of the calendar year for the administration service (euros) |  |  |
| II. | Amount of accumulated resources for the maintenance work necessary in subsequent periods at the beginning of the calendar year (euros) |  |  |
| III. | Payments received |  |  |
| 1. | Payments for the administration service |  |  |
| 2. | Payments for the repair, renewal, or rebuilding of the residential house to be carried out in subsequent periods within the scope of the mandatory administration activities |  |  |
| 3. | Resources for extraordinary repairs |  |  |
| 4. | Insurance |  |  |
| 5. | Remuneration for administration1 |  |  |
| 6. | Other revenues (specify the type) |  |  |
| IV. | Expenditures |  |  |
| 1. | Sanitary maintenance of the residential house |  |  |
| 2. | Conducting of the file of the residential house |  |  |
| 3. | Planning, organisation, and supervision of the administration work |  |  |
| 4. | Entering into contracts for the supply of heat energy, also natural gas, for the ensuring of water supply and sewage services, the removal of municipal waste, for electricity, for the use of the attached plot of land |  |  |
| 5. | Provision of information to State and local government authorities |  |  |
| 6. | Visual inspection of the residential house, the installations and communications located therein |  |  |
| 7. | Technical survey of the residential house, the installations and communications located therein |  |  |
| 8. | Technical maintenance of the engineering communications and systems of the installations of the residential house |  |  |
| 9. | Maintenance work of the residential house, the installations and engineering communications located therein which are covered from payments for the repair, renewal, or rebuilding of the residential house to be carried out within the scope of the mandatory administration activities in subsequent years (indicate the name, costs, and time of carrying out of each work) |  |  |
| 10. | Planned maintenance work of the residential house, the installations and engineering communications located therein which are covered from payments for the administration service (indicate the name, costs, and time of carrying out of each work) |  |  |
| 11. | Ensuring conformity with the minimal requirements specified for energy efficiency of the residential house |  |  |
| 12. | Ensuring conformity with the requirements specified for the residential house as an environmental object |  |  |
| 13. | Insurance |  |  |
| 14. | Other expenditures related to the administration of the residential house (specify the type) |  |  |
| 15. | Expenditures for extraordinary repairs (specify the name, costs, and time of carrying out of each work) |  |  |
| V. | Remaining payment at the end of the calendar year for the administration service (euros) |  |  |
| VI. | Amount of accumulated resources for the maintenance work necessary in subsequent periods at the end of the calendar year2 (euros) |  |  |

Notes.

1. If the administrator is using another form of the overview, the items to be indicated in the report should conform to the requirements of this Annex. The administrator may expand the items indicated in the overview.

2. 1 The remuneration for administration shall be separated individually if it is not included in the price of services provided within the scope of the mandatory administration activities.

3. 2 The amount of resources for the maintenance work of the residential house accumulated but not used both in the calendar year and the previous periods shall be indicated.

Acting for the Deputy Prime Minister,

Minister for Economics – Minister for Education and Science Kārlis Šadurskis