



THE SIGNIFICANCE OF INNOVATION
PROCESSES IN THE DEVELOPMENT OF
HOUSING POLICY IN UZBEKISTAN

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ABSTRACT

This article examines the role and significance of innovation processes in the development of housing policy in Uzbekistan. Amidst shifting demographic trends, urbanization, and market demands, providing the population with decent, high-quality, and affordable housing requires enhancing housing policy through innovative approaches. The study analyzes the interrelationships between housing construction, digitalization, smart management, artificial intelligence, energy-efficient technologies, and integrated urban development, as well as mortgage lending and subsidy mechanisms. Particular attention is paid to the importance of digital platforms—such as "Shaffof qurilish" ("Transparent Construction"), "Turar joy" ("Housing"), and "Mening uyim" ("My Home")—in enhancing management efficiency and transparency within the housing sector. Furthermore, scientifically grounded and practical proposals for developing an innovative housing policy have been formulated.

The level of housing provision for the population is inextricably linked to social stability, quality of life, and regional economic development. Housing is not only a basic social need but also a crucial economic driver that stimulates the construction, industrial, and financial sectors, as well as the service, housing and utilities, and infrastructure sectors. Today, limiting housing policy solely to the construction of new homes is insufficient. A modern approach requires a comprehensive solution to challenges such as accurately assessing the population's needs,



regional planning, the efficient use of land resources, the implementation of energy-efficient technologies, the digitalization of construction processes, the improvement of mortgage lending mechanisms, the effective operation of the housing stock, and the renewal of existing residential areas.

The economic essence of the concept of "innovation" has been comprehensively explored in the works of J. Schumpeter, where innovation is viewed as a new product, a new technology, a new market, a new source of resources, or a new method of organizing production. However, an innovative approach to the housing sector is not limited merely to the introduction of new construction technologies. Within the framework of housing policy, innovations can encompass the following processes:

technological innovations – new construction materials, modular construction, energy-efficient structures, automated construction technologies;

digital innovations – electronic permits, digital cadastre, BIM technologies, artificial intelligence, digital monitoring;

financial innovations – digital mortgages, credit scoring, new investment instruments, and institutional financing in the mortgage lending market;

organizational innovations – improving mechanisms for interaction between the state, the private sector, and the public;

environmental innovations – energy efficiency, green building, renewable energy sources, and the use of environmentally safe materials;

social innovations - include social housing programs, targeted support for vulnerable population groups, and the creation of an inclusive urban environment.

Thus, an innovative housing policy is one based on the systematic application of new technologies, digital solutions, and management methods across all stages of construction.

The growth in housing construction volumes in Uzbekistan is accompanied by an increase in the construction sector's share of the national economy. In recent years, the scale of housing construction in the country has expanded significantly. According to preliminary data from the National Statistical Committee, 15.9 million square meters of housing were commissioned in the republic in 2025, exceeding the 2024 figure by 2.8%. Furthermore, 69,100 housing units were completed in 2025-an increase of 2,400 compared to the previous year. Economic activity in the construction sector also remained high: the volume of construction work performed in 2025 totaled 313.8 trillion soums, representing year-on-year growth of 14.2%. These trends underscore the need to introduce innovative qualitative changes to housing policy alongside quantitative growth.

Digitalization is a key area of innovative transformation in housing policy. Measures have been outlined to implement digital mechanisms in the construction and housing and utilities sectors by 2026, including the "Shaffof Qurilish" ("Transparent Construction") national information system, the "Digital Urban Planning Council" platform, and the "Turar Joy"



("Housing") national information system. Plans are in place to integrate artificial intelligence into the processes of reviewing, analyzing, and classifying citizens' inquiries within the "Shaffof Qurilish" system. Furthermore, a mechanism has been established to review projects valued at over 10 billion soums through this system. The "Turar joy" ("Housing") national information system is designed to consolidate data on the technical condition of apartment buildings, land plots, and energy and water consumption into a unified electronic database.

Such digitalization mechanisms can help improve housing policy outcomes in the following respects:

- централизованное управление данными;
- accelerated decision-making;
- reduced impact of the human factor;
- monitoring of construction processes;
- prompt processing of citizens' inquiries;
- regular monitoring of technical condition;
- increased transparency of financial and management processes.

From this perspective, it is evident that digitalization is transforming from a mere element of housing policy into its institutional foundation. Innovation is not limited to the housing construction sector; the digitalization of housing management and maintenance processes also enhances convenience and economic efficiency for residents. Starting July 1, 2026, procedures such as holding general meetings, making decisions, concluding contracts, and submitting reports by management companies for apartment buildings in Tashkent will be carried out via the "My Home" information system. Starting in 2027, the phased nationwide implementation of this practice is planned. Financial mechanisms play a key role in meeting the population's housing needs. Therefore, mechanisms for mortgage lending, subsidization, and the attraction of private capital must be integrated into an innovative housing policy model. In 2025, 70,415 citizens were granted mortgage loans totaling over 21.215 trillion soums on market terms, a 24% increase compared to the 2024 figure. Additionally, subsidies amounting to 2,118.2 billion soums were paid to 20,894 citizens. For 2026, the allocation of mortgage loans totaling 23 trillion soums is planned to provide housing for the population; funding sources will include state budget funds (12.3 trillion soums), commercial bank funds (7.7 trillion soums), and resources from the Mortgage Refinancing Company (3 trillion soums). To further improve these mechanisms, tools such as digital scoring, automated data exchange, electronic processing of mortgage applications, and digital assessment of household income and solvency may be developed.

At the same time, the implementation of an innovative housing policy is associated with a number of economic and institutional challenges.



The first challenge is the high initial cost of innovative technologies. Energy-efficient materials, automated control systems, and modern construction techniques may require significantly higher upfront capital investment compared to traditional methods.

The second challenge is the shortage of qualified personnel. There is a growing demand for specialists proficient in digital urban planning, BIM technologies, artificial intelligence methods, geoinformation technologies, and modern design systems.

The third problem is the uneven level of development of innovation infrastructure across different regions.

The fourth problem is the gap between the initial cost of housing and the long-term costs of its operation; while investments and energy-efficient technologies can reduce resource consumption and utility expenses, consumers do not always adequately consider this aspect when making decisions.

The fifth issue is information asymmetry in the construction and mortgage lending markets. In this regard, ensuring public access to digital databases, open registries, and standardized project information is critically important.

Based on the analysis conducted, the following proposals are put forward for the innovative development of housing policy in Uzbekistan:

1. Implementation of "innovative housing" standards.
2. Development of a unified digital platform for the housing construction sector.
3. Support for innovative construction technologies.
4. Designation of renovation as a distinct area of innovative housing policy.
5. Implementation of a "full life-cycle" assessment system for housing.
6. Strengthening cooperation between the scientific community, the education sector, and the construction industry.
7. A differentiated innovation model that takes regional specifics into account.

To stimulate innovative development in housing policy, a mechanism comprising the following chain of elements can be proposed:

Analysis of population needs → digital spatial planning → assessment of land resources and infrastructure → innovative design → financing → digital construction monitoring → energy-efficient housing → digital management → renovation and modernization.

The main advantage of this mechanism is that decisions regarding housing policy are made based on a unified lifecycle, rather than within the framework of individual agencies. This approach is conceptually aligned with the "unified housing lifecycle" principle scheduled for 2025, as well as with the digitalization and construction process integration mechanisms being implemented in 2026.

In conclusion, it should be noted that housing policy in Uzbekistan not only meets the social needs of the population but also exerts a significant influence on economic growth, the construction industry, employment, financial services, and urban development processes. In this



regard, the widespread adoption of innovative approaches in shaping housing policy is of strategic importance. The commissioning of 15.9 million square meters of housing, the construction of 69,100 residential units, and a construction output volume reaching 313.8 trillion soums in 2025 attest to the scale of this economic sector. At the same time, the transition to a new stage of housing policy-characterized by a focus on digital and innovative models-is gaining momentum. Information systems such as “Transparent Construction”, “Housing”, and “My Home”, combined with artificial intelligence and automation, expand the potential for modernizing public administration and services within the housing sector. Approaches to developing the housing and mortgage markets through 2040-along with mechanisms for integrated development, digitalization, renovation, and infrastructure integration outlined in the 2026 documents (Decree No. PF-29 and Resolution No. PQ-73) - strengthen the institutional foundations of an innovative housing policy. Thus, innovation processes are transforming from auxiliary elements of housing policy into crucial institutional-economic mechanisms that ensure its long-term effectiveness.

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