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COUNTRY PROFILES ON THE HOUSING SECTOR
IN COUNTRIES IN TRANSITION

(Proposal for a pilot project)

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Introduction

1. At its first session in June 1993, the Working Party on Housing Development, Modernization and Management considered a proposal for the preparation of a strategic analysis of the housing sector in countries in transition (country profiles) (HBP/WP.6/2, para. 17 (e)), which was then further considered by the Committee in September 1993.

2. The joint ECE/HABITAT workshop on financial and economic aspects of housing reform in countries in transition, which took place in November 1993 in Sofia (Bulgaria), evaluated the experience regarding the implementation of the housing sector reforms in countries in transition during the last three years. It was observed that major transition difficulties remained unresolved. In fact, high inflation, the lack of competition and the absence of appropriate new legislative and institutional structures meant that for the majority of the population in these countries housing conditions continued to deteriorate. The workshop stressed the need for a "process-oriented" reformulation of housing policies in countries in transition, based on

reliable information regarding the housing sector, on an institutional framework, and on related legislative policies, and stressing implementation issues.

3. The Working Party on Housing Development, Modernization and Management at its second session in May 1994 considered a proposal for the preparation of country profiles on the housing sector which was discussed and agreed at the workshop in Sofia, (HBP/WP.6/4, para. 9). The Working Party strongly supported the pilot project proposal and suggested that this activity should be with the housing indicators proposed in the Shelter Sector Review of the United Nations Centre for Human Settlements (UNHCS)/World Bank. The following delegations indicated their willingness to participate in the work of a team of experts to carry out this project (subject to confirmation): Canada, Czech Republic, Germany, Hungary, Netherlands, Norway and Sweden. The delegation of Bulgaria offered to carry out the first pilot project in its country. The following delegations also stated their interest in carrying out a pilot project in their countries (subject to confirmation): Hungary, Romania and Russian Federation. The outline of the project proposal, as elaborated by the expert team in cooperation with the secretariat, is contained in the annex.

Purpose of the pilot project

4. Improving the performance of the housing sector is for several reasons one of the key factors determining the success or failure of the ongoing transition process in central and eastern Europe:

- For economic reasons, because 7 to 18% of the gross national product (GNP) (according to the World Bank shelter sector study) is related to the housing sector, investment and services. Management and performance of the housing sector thus has a major influence on overall economic performance;
- For social reasons, because housing is a basic human need requiring a certain degree of government involvement;
- For environmental reasons, because the integration of the economy and the environment must include the housing sector and related State and local decision-making in order to reduce the consumption of resources, especially energy, water and natural space; and
- For political reasons, because success or failure in housing policy is directly felt by the majority of the population who tend to blame the new economic and political system for shortages, lack of services, the breakdown of housing production and other difficulties occurring in the transition process.

5. The objective of the proposed activities is to carry out a country-based strategic analysis of housing reform. The assessment of various options of policy formulation and implementation should be based on the experiences of experts of ECE countries and be carried out by an international team of experts in cooperation with the ECE secretariat. It should focus on how available resources and the given institutional framework can best be

integrated into the transition process. Thus it is hoped that the transition of countries of central and eastern Europe to a market economy can be accelerated and continued progress towards a sustainable development of the housing sector through broad political and popular support can be achieved.

6. The pilot project should be a tool for:

(a) The governmental and other relevant agencies of the country analysed to assess and direct their housing policies by facilitating the decision-making process, to eliminate bottlenecks in the housing sector, and to establish long-term strategies;

(b) All countries in transition to compare the progress made and the specific solutions tested in these countries;

(c) Potential investors by providing information on such issues as legal, economic and institutional conditions of the housing sector in a given country in transition;

(d) Setting priorities for immediate action; and

(e) Harmonizing individual projects with long-term strategies.

7. It is of primary importance that the country profiles are produced in a manner which ensures maximum practical usefulness of the results for all interested parties in the host country, for international agencies and foreign Governments and for private sector investors in and outside the host country. In view of this objective the work is aimed at clearly defining positive and problematic elements with regard to both overall policy and its implementation, including probable social and economic consequences for the major participants in the housing sector.

Decisions to be taken by the Committee

8. The delegations are invited to confirm or indicate their interest in participating in the pilot project. Interested delegations of market economies are invited also to indicate their willingness to provide financial support for experts of countries in transition to participate in the team of experts which will carry out the pilot project.

9. The Committee on Human Settlements is invited to consider this project, comment on it and include this activity in its programme of work.

Annex

OUTLINE OF THE PROJECT PROGRAMME

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Background

1. After the change of the political system in central and eastern Europe efforts are now being directed towards transforming centrally planned economies into market-based ones. However, the experience of the past four to five years shows that transition is a very strenuous process. Most transition countries are suffering from negative economic growth, unemployment, high inflation and falling real wages.

2. Housing policy is an integral part of market economies and there is a definite need also for the countries in transition to provide decent shelter and social protection to needy households, instead of letting them struggle with market forces. Besides this social policy objective, the housing sector can be used as a major vehicle for economic growth and development, a major factor in job creation and a source of additional income for the national budget.

3. To achieve this, there is a need for comprehensive governmental action on the basis of a coherent and comprehensive housing reform concept. For such a housing concept to be put into practice, the main features of transition and the different functions performed by the housing sector must be understood. The key issues should be identified and on these grounds goals and priorities can be set out. To achieve these goals different strategies can be implemented.

4. Those in charge of elaborating and implementing housing concepts can learn from the experience of other transition countries. While until now much advice has come from western countries, little exchange of information and experience has gone on among countries in transition to learn about how others are tackling almost identical problems. Admittedly, there are also successful models in developed market countries. There is in fact no single ideal model but a variety of good solutions for different problems in different countries.

5. A good methodology is needed to identify the transition problems and to compare the problems of different countries. The right questions should be asked and proper indicators should be used to depict and analyse the performance of the housing sector qualitative and quantitative indicators can be used. To acquire better insight into processes, time-series of the data should be provided, if possible, and in certain cases it would be necessary to break down the data according to income groups or regional factors.

6. In order to prepare and evaluate good policy suggestions for enhancing the transformation of the housing sector from a subsystem of the planned economy into an important component of a market-based economy, and for a proper understanding of the transition process and of the function of the housing sector in it, this programme recommends producing country profiles of the housing sector, for economies in transition.

I. THE ROLE OF HOUSING IN THE TRANSITION PROCESS

7. Housing sector issues are often conceived as residual-matter of the State budget expenditure. The performance of the housing sector is regarded as a function of the general economic conditions, and the output of the sector is

determined by macroeconomic indicators. Such an approach is too one-sided. It should not be overlooked that the shelter sector is a key part of the overall economy. Housing sector performance has a knock-on effect on the general economic development.

8. Within this broader role of the housing sector, special attention should be given to the following aspects:

(a) The impact of the subsidy and housing finance system on affordability and on effective demand for housing;

(b) The link between effective demand and the output of the construction industry or gross capital formation;

(c) The special relationship between demand for finance and prices during transition;

(d) The multiplier effect on macroeconomic growth, on job creation and on the State budget.

9. In order to clearly understand the true nature of the above-mentioned interrelationships, as well as to overcome the monetarist and Keynesian contradictions in formulating efficient policy options, a better analysis of the ongoing economic processes is necessary. In any case it can be assumed that the current housing situation in transition countries is very similar to that of western Europe after the Second World War. The housing sector can thus be a major factor in the economy if a proper housing policy concept is developed and implemented. Yet the more traditional approach which considers the macroeconomic environment as a basic determinant of housing policy and the housing situation has its significance, as well.

10. For a more thorough analysis of the role of the housing sector in economic development, knowledge is needed about the following key indicators: per capita gross domestic product (GDP); annual increase in GDP (%); net foreign debt per GDP; international debt service for export; balance of budget per budget expenditure; budget expenditure per GDP; annual rate of consumer price increases; annual rate of nominal increase in households income; annual rate of nominal increase in wages; rate of unemployment; rate of households income top and bottom percentile; formation of fixed capital assets; proportion of GDP produced by the private sector. The transition can be seen as creating the legal, institutional and organizational framework for market and public activity (market transactions, redistributive public actions) of housing sector actors (governmental and municipal bodies, non-governmental organizations, financial institutions, construction and maintenance companies, households).

11. Generally, the following characteristics of the transition have a profound influence on the sector's performance during the transition and on the identification of housing policy options:

(a) The devolution of power and the transfer of ownership in the public housing stock;

(b) The deregulation of State control on rents, interest rates and service prices;

(c) The widespread privatization (or restitution) of construction and maintenance companies;

(d) The transformation of monopolistic markets into competitive ones; and

(e) The legislative framework to secure the functioning of a market-oriented housing sector and to provide social protection.

II. THE PRESENT HOUSING SITUATION

12. Need for housing. Basic information and key indicators here are:

- Number of inhabitants and households;
- New household formation;
- Households per dwelling unit;
- Persons per room;
- Floor area per person; and
- Number of homeless.

13. Supply of housing. Basic information and key indicators are:

- Number of dwellings per 1,000 inhabitants; and
- Number of new dwellings per 1,000 inhabitants per year (time-series over last five years).

14. Physical quality. Basic information and key indicators are:

- Present standard of stock (good, acceptable, improvable, condemnable); and
- Existence and standard of services.

15. Distributional aspects and tenure situation. Basic information and key indicators are:

- Tenure structure (number and share of owner-occupied, public and private rental and cooperative housing);
- Vacancy rates; and
- Residential mobility.

16. As differences between rural and metropolitan areas might have serious consequences for policy options, the figures should be broken down per national, metropolitan, urban and rural level (if possible). Similarly, a breakdown according to income groups should be provided if possible.

17. As a result of government policies there has been a steady flow of migration from rural areas towards cities over the past three decades, which has affected vacancy rates and real-estate prices.

18. Investment in the residential infrastructure in the previous, centrally-planned system was almost completely confined to new State-sponsored constructions in urban and metropolitan areas. Shortages in infrastructure and services may therefore be severe in rural areas and in historic or older parts of cities built before the 1960s.

III. STRATEGIC ELEMENTS OF HOUSING SECTOR TRANSFORMATION

19. Economic components. The performance of the housing construction and maintenance industry is determined, first of all, by effective demand, which is strongly influenced by the following factors: housing prices relative to household income; characteristics of the mortgage market; housing subsidies; and tax-systems.

20. Affordability of housing. Basic information and key indicators are:

- House price to income ratio: median market price of a dwelling over median annual household income;
- Rent to income ratio: median annual rent of (an average) dwelling over median household income of tenants in the public and in the private sector) in terms of gross rent (including charges for heating, water, etc.) as well as net rent;
- Down-market penetration: price of the cheapest housing unit produced for sale over median household income;
- Excessive housing expenditure: percentage of households spending more than a quarter to half of their annual income on housing;
- Public services are charged below cost price; the calculation of the running costs for housing supply is inadequate;
- The price to income ratio; at present, is two to three times higher than that of the countries of the European Union; and
- The difference between rent to income ratios in the public and the private rental sectors is also valuable information.

21. Housing finance. Basic information and key indicators are:

- Housing credit portfolio: ratio of total mortgage loans to all outstanding loans;

- Credit to value ratio: total amount of mortgage loans for housing over total investment in housing last year;
- Credit to value ratio (new construction): total amount of mortgage loans for housing construction and the purchase of newly built units over total investment into new construction;
- New housing credit: total amount of new mortgage loans over total amount of new loans of the previous year;
- Mortgage loans in the economy: total outstanding balance of mortgage loans over GDP;
- Mortgage-to-prime difference: average interest on mortgages minus prime rate in the commercial banking system;
- Mortgage-to deposit difference: average interest on mortgages minus average interest on one-year deposits in the commercial banking system;
- Mortgage arrears rate: percentage of mortgage loans more than three months in arrears; and
- Subsidies and tax preferences for housing saving schemes.

22. The loan to value ratio is typically 20-25% and the down payment varies between 50-70% of the total cost or price in the countries in transition. In the countries of the European Union the loan to value ratio is around 80%, depending, however, largely on the cash flow of the investor.

23. The interest rate on mortgage loans in countries in transition is high (30-80%). This is a consequence of inflation and of the low efficiency of the housing banks that have a monopoly. In most cases the interest spread of the mortgage bank exceeds 10%.

24. In the absence of an effective mortgage system, housing banks might incur substantial losses because of bad mortgage loans. The relatively low share of mortgage loans to GDP or to total loans in countries of transition compared to market economies indicates a high level of missed opportunities in economic growth. In many cases revolving fund schemes and forms of public private partnership are missing.

25. Subsidies and taxation. Basic information and key indicators are:

- Housing subsidies: housing subsidies over total budget expenditure, including and excluding tax relief;
- Targeted subsidies: share of housing subsidies delivered to below-median-income households, definition of targets;

- There should be well-founded definitions and decisions about what subsidies are, what "normal" taxation is, how incomes are defined for tax purposes, etc. The selection of an efficient system of housing subsidies is strongly dependent upon those general definitions and decisions;
- Subsidies are typically poorly targeted, often not means-tested. There are serious target-group identification problems;
- Misuse of general subsidies given to banks or to municipalities occurs very often; and
- Through the uncontrolled conversion of residential units into shops and offices there is a leakage of housing subsidies and of the sector itself.

26. Production of new housing. The number of annually constructed housing units per 10,000 inhabitants in countries of transition during the first half of the 1980s varied between 60-100. Until 1992 this figure decreased gradually to 10-25. For the net reproduction of the housing stock 40-50 housing units per 10,000 inhabitants should be erected annually. In the countries of the European Union this indicator varies between 40-60.

27. The contracting volume of housing construction has a negative knock-on-effect on the macroeconomy as it contributes to unemployment and the State budget deficit. The low and decreasing volume of housing construction can be explained by five factors:

- The decreasing financial possibility of households to purchase newly constructed housing units as owners;
- The institutional housing investors and developers have almost disappeared. The overwhelming majority of new housing units are constructed on a self-help basis;
- Rental housing construction is virtually non-existent;
- The inefficiency or non-existence of financial institutions; and
- The structure and degree of competitiveness in the construction sector.

28. In the previous system the construction and the building material industry were heavily concentrated and dominated by large State-owned companies. Although in many countries in transition these sectors are being privatized across the board, the market is still far from competitive.

29. Basic information and key issues are:

- The housing production: number of units built annually per 10,000 inhabitants;
- Housing investment: total investment in housing over GDP;

- Construction cost: average construction cost of one square metre dwelling; average construction cost of an average dwelling unit;
- Affordability of construction: average construction cost of an average dwelling unit over average (median) household income;
- Construction time: average construction time of an average housing unit;
- Industrial concentration: percentage of new construction produced by the five largest developers; percentage of new construction produced by companies with more than 100 (500) employees; and
- Housing starts: annual number of housing starts.

30. There is a need to investigate the new roles and authority of the various actors in the housing sector so as to increase competition and provide social security. Attention should be given to the security of accommodation of needy households particularly through a means-tested housing benefit scheme dependent upon housing and income conditions. Yet there will be population groups that will not have sufficient access to housing even though they might have the necessary purchasing power, as they are discriminated against on the market. For them, local governments should have sufficient housing available with occupancy rights.

31. It should be investigated if renovation mechanisms of buildings of private and public ownership have been established. By renewing the mortgage system and by redeploying housing subsidies, the financial affordability should be improved in order to induce economic growth and improve the balance of the State budget through an increase in housing construction.

32. The implementation of a properly formulated, integrated housing programme induces economic growth through increasing construction and renovation activity. New jobs created during the housing programme can be considered a significant contribution to the employment programmes of the Government. At the same time the increase of housing mobility dissolves a major bottleneck of economic restructuring. From the point of view of consolidating the State budget, the additional income generated by the housing programme is of great importance.

33. From another angle the improvement in the housing conditions of marginal social groups and providing them with institutionalized forms of access to housing are a major contribution to the development of the social policy network and an important component of government policies for improving social security.

34. Launching a massive renovation and rehabilitation programme allows for the implementation of energy-saving insulation methods, which is in line with governmental plans for improving the balance of payments, creating jobs and protecting the environment. The housing reform programme should thus be an integral part of the process of transition to a socially responsible market economy.

35. Basic information and key indicators are:

- The public housing stock: share of the housing stock owned, managed and controlled by the public sector (State, municipalities, non-profit organizations);
- The cooperatively owned housing stock (owner-occupied and rental coops);
- Privatized public stock: share of the public stock that has been privatized, types of private ownership;
- Social rent to income ratio: average annual rent in public housing over average housing income of tenants in public housing;
- Public housing operating subsidies: annual rent payments for management plus maintenance costs for public housing; and
- Public housing production: share of public sector housing construction.

36. Public housing. Rent revenues from the public housing stock normally cover less than one third of the maintenance costs in transition countries. Although there used to be a substantial amount of State funding available, the inefficient State-owned maintenance companies produced the very dilapidated physical state of the public stock.

37. After transferring State ownership of the public stock to the municipalities, State maintenance subsidies were, typically, cut off. At the same time, there are major obstacles to raising the rent level. In certain cases State rent control remains in place, or political considerations impede rent increases. Therefore, the rent revenues are far below the maintenance costs and do certainly not provide a return on investment.

38. The previously State-owned maintenance companies are often privatized, although their efficiency can still be questioned. The result is often a sharp decrease in the volume of maintenance activity on the public stock and further deterioration of the physical state of the stock.

39. Typically, there is no means-tested benefit scheme for the socially and financially weak tenants and owners, so that poor households cannot be protected from the devastating impacts of cost and rent increase on them. This is a major stumbling-block for any cost and rent increase and must be addressed in order to make necessary rent increases politically acceptable.

40. Low-rent public dwellings have not been allocated specifically to the poorer part of the population and there has been no test of the household incomes at all after the allocation of the housing unit. In many cases tenants converted their right to rent into equity in property by private market transactions. As a consequence, the financially most vulnerable families have often not been located in the public rental stock. The income level of families sitting in low-rent public units tends to be higher than the national average. Rental housing construction has fallen close to zero.

Access of marginal groups to social housing is problematic. The access to shelter of the frail marginal social groups is grounds for concern. The care and housing of the elderly are inadequate.

41. Legal framework. A proper legal framework for housing is regarded as an indispensable prerequisite for:

- Economic activity;
- The implementation of policy decisions; and
- Establishing safeguards and guarantees for the citizens as well as private or semi-private organizations against State or other persons'/organizations' unlawful interference.

42. Such a legal framework has to provide for the following elements.

(a) Constitutional rights such as:

- Property rights and inheritance rights, together with duties serving the public interest;
- Right to privacy;
- Personal freedoms (includes the freedom to enter into contracts);
- Division of power and competence between the central and local level; and
- Independent judiciary;

(b) Substantive law matters such as:

- Landlord and tenant law including rights and duties of the parties;
- Condominium law and cooperative law;
- Housing allowance and finance law; and
- Tax and banking laws.

(c) Procedural law matters such as:

- Rules for court procedure, eviction and law enforcement; and
- Legal infrastructure including the legal profession, the court system, land documentation system, individual right of recourse to the court.

43. The following information is crucial:

(a) Private law:

- Is there a civil code? Is it based on the principle of freedom of individuals to enter into any contractual relationships they want, without State intervention? Are there special regulations about the purchase of real estate property? About the distribution of rights and duties between landlord and tenant?
- Are there, apart from the general civil code, special laws on the internal relationship between flat owners or cooperative members, such as condominium or cooperative laws?
- Is there legislation on tenants' protection and/or on the right of landlords to terminate contracts and increase rents?

(b) Ownership changes:

- Has the housing stock which belonged to the State or to State enterprise been transferred to local authorities, cooperatives, individuals or firms, and on what conditions?
- Has the nationalized public rental stock been privatized or re-privatized (given back to previous private owners)? How are previous owners compensated?
- What happens with the revenues generated from the sale of the public rental stock? Is it ploughed back into the housing stock? How will the backlog of the so-called deferred or neglected maintenance be handled?

(c) Responsibilities:

- Who is responsible and who is paying for:
 - (i) Water supply, energy supply, waste disposal, etc.?
 - (ii) Maintenance and refurbishment?
 - (iii) The administration of the housing stock?
 - (iv) New housing construction?
- Who is responsible for setting rents, interest rates and prices for housing services?

44. Public law:

- Is there legislation on income taxation, property taxation, value added taxation? If yes, how is housing treated in this context?

- Is there legislation on the construction and management of social housing? Is there legislation on occupancy rights for local authorities in private estates?
- Is there legislation on income transfers to low-income households related to housing, such as social welfare, housing allowances, etc.?
- Are there regulations against excessive gentrification or the conversion of rental flats into either home-ownership or non-residential uses? Can landowners be forced to build or refurbish flats?

45. Jurisdiction and legal infrastructure:

- Is there legislation against landlords demanding excessive rents or undermining tenants' rights? Against owners who do not obey public law related to housing?
- To what extent can individuals bring an action against other private persons or the State? Is there an effective mortgage system? Are property rights effective: can foreclosure be implemented in case of non-payment of mortgage obligations.
- Is there a sufficient number of courts, lawyers, real estate accountants, brokers etc. to support market processes? Is there an effective auditing and controlling system to supervise the performance of State and local housing agencies, cooperatives, condominium and firm management?

46. Registration of real estate property:

- Is there an updated land registration system in which all lots are precisely described and in which owners are identified as well as security interests in land and other restricted rights in rem?

47. Institutional framework: The effective formulation and implementation of the legislative, institutional, financial and administrative measures of a comprehensive housing policy in transition countries requires not only legal enforcement but also professionalism and efficiency on the part of the relevant actors, beginning with the parliamentary committees, ministries and other public (central, regional and local) authorities. Democratic control and strict audits of their activities is necessary. At the same time, close cooperation and initiative of private firms, non-profit organizations, professional organizations, landlord and tenant unions and similar bodies should be encouraged.

48. Key information related to:

- What is the structure of political and administrative authority for housing:
 - (i) At central government level?

(ii) At regional level?

(iii) At local authority level?

- Are there effective administration units for developing and implementing housing reform at the national and at the local level?

49. In principle, all those responsible for investing in and managing the housing stock require information about:

- The land market, land prices and land availability;
- The potential suppliers of construction and maintenance activities (products, prices, performance);
- The system of costs and revenues and their development over time for the individual flat or building and for the total stock to be managed and the factors influencing these costs and revenues; and
- The accounting system.

50. Often, it is not known which information is reliable and important in all these fields and which is rather superfluous. The priorities must change radically in the transition process. Therefore, management schemes from western countries (particularly software describing them) should be used as checklists when describing the state of housing management in a country in transition. Among the indicators which seem useful in this respect are the number of employed per 1,000 flats to be managed, the urgent and longer-term backlog of repair and refurbishment, and the potential for increasing rents and other revenues.

51. A quite important issue in this respect is the improved control of the construction process (contracting, invitation for tender, etc.) and the handling of repair work (how are deficiencies detected and reported, judged, repaired, paid and financed).

52. Finally, the organizational structure of housing management ought to be scrutinized (which tasks are carried out, what can be farmed out, how is the division of responsibilities, how does the controlling system work, etc.).

53. Altogether, ways need to be found to improve competition in all areas and to develop a legal and institutional framework to permit that. In spite of that, measures for consumer protection are required on various levels (for example through building codes, tenant protection laws, and measures to avoid excessive price demands or market discrimination), and the institutional framework for implementing such protection rules should be investigated.

54. With regard to financial institutions and savings system, the central questions are:

- Is there a two-tier banking system?

- Are there banks specialized in mortgage lending and the real estate market? Are there concrete plans to set them up? Are there building societies?
- Are there incentives for households to save part of their income towards the purchase of real estate, savings that banks can use immediately as coverage against long-term credits?
- Are housing cooperatives and condominiums legally obliged to set up sinking funds to cover the cost of future renovation? Are there incentives for creating such sinking funds?
- Are long-term credits offered to private households who wish to purchase a house or flat?

55. For public sector economic incentives in housing questions concern:

- Are subsidies paid to first-time buyers and those entering into new construction or investing in the stock (maintenance or modernization) or in the infrastructure, and who is eligible for such subsidies?
- Are there subsidies for municipal land development?

IV. PRESENT DIRECTION AND SPEED OF THE TRANSITION PROCESS

56. An important part of the country profiles on housing is the definition and description of the present direction and speed of transition. This is of interest both as a general background for comparison between countries in transition, and as a necessary basis for identifying problem sectors, bottlenecks and policy options.

57. The direction of transition will be measured by analysing the political decisions taken at central and local government level concerning the strategic elements of the transition process. Elements of particular importance are:

- Legal changes;
- Institutional changes; and
- Economic changes.

58. It seems to be a general and increasing problem that political and administrative goals and objectives for changes in the housing sector remain good intentions because critical elements in the execution of the policy are missing or do not function properly. The speed of transition should be measured by the practical implementation of the policy decisions which are made at central and local government level.

V. ORGANIZATIONAL ISSUES

59. The country profiles' pilot project will be implemented within the programme of work of the ECE Committee on Human Settlements, under the auspices of the Working Party on Housing Development, Modernization and Management. The Committee on Human Settlements will review the project's progress and provide general guidance at its annual session.

60. Following the recommendation of the Working Group on Housing Development, Modernization and Management, the housing indicators developed by UNCHS/World Bank will be used for the quantitative analysis.

61. The international team would consist of four to eight experts as well as members of the ECE secretariat. The country to be analysed should nominate an expert for the team. This expert will be the contact person who will provide all relevant data, organize interviews and facilitate the direct exchange of information with key agencies and participants. At least two other members of the team should represent countries in transition. It is hoped that these experts would continue to work also as contract persons for the country profile in their respective countries.

62. It is expected that the western countries would financially assist experts from countries in transition in their task and provide the necessary means to accomplish it.
