

Chapter I

HISTORICAL DEVELOPMENT OF SOCIAL HOUSING

A. Introduction

1. The development of the housing situation in individual countries is influenced both by the housing policy pursued by the Government and by a number of external factors, such as the socio-economic and demographic situation, political, administrative and legal factors and so on, which are beyond the reach of the housing policy.¹ These external variables together with the housing policy form the role, aims and different characteristics of social housing.
2. Because an understanding of the historical development of social housing can contribute to better comprehension of its contemporary function and characteristics, the following text describes briefly the development of social housing in the context of housing policy and of socio-economic development in countries throughout the ECE region.
3. However, when reading this text it must be kept in mind that this is only a general overview of past developments and contemporary trends in social housing. The situation in individual countries is always unique and in some cases it might substantially differ from this general description. The same applies to the housing policy and its historical stages, which can in individual countries have specific timing, duration, intensity and so on.

B. History of social housing in western European countries

4. The following review of western European countries refers especially to central and northern European countries. The development of housing policy and social housing in most southern European countries has been to a certain extent different because of delayed urbanization and stronger rural settlement, which has resulted in a lesser involvement of the Governments of these countries in housing.
5. From the beginning of the twentieth century up to the Second World War, the development of housing policies in western European countries was characterized mainly by market forces; public involvement in housing markets was rather weak and temporary.
6. This situation changed noticeably after 1945 when the active role of Governments in the housing area increased strongly in most European countries. The development of housing policies in western European countries after the Second World War can be divided into several phases according to the main problems that Governments strived to solve. The period from 1945 until the 1990s can, according to Boelhouwer and van der Heijden, be most easily split into three phases:^{2,3}

¹ Boelhouwer, van der Heijden 1992 pp. 266-267.

² Priemus, Kleinman, Maclennan, Turner 1993.

³ The development of European housing policies can be also divided into four phases (Boelhouwer, van der Heijden 1992), the first stressing new housing construction, the second aimed at improving quality of existing housing stock, the third highlighting distribution and targeting of state support and a new fourth one which has to solve new problems including the re-emergence of housing shortages for low-income households.

-
7. The first phase, labelled “recovery” (1945-1960), was aimed at the elimination of war damage and the alleviation of housing shortages; the main issue was housing construction that was heavily subsidized or financed directly from public resources - “mass” social housing.
8. The second phase, labelled “growing diversity” (1960-1975), brought about new issues – mainly a focus on housing quality and urban renewal. During this period important divergences began to occur in the way Governments reacted in their housing policies to overall economic prosperity in the 1960s.⁴ Besides social housing, home ownership also emerged on political agendas.
9. The third phase, labelled “new realities for housing” (1975-1990), was caused by the changing economic context. Beliefs concerning the role of the State in housing provision began to change and in most countries this resulted in a reduction in public housing expenditure. In general, housing became “more market oriented, competitive and opened up to economic pressures”^{5, 6}
10. The phases of housing policy development outlined above do not cover the most recent period, but there is strong evidence that in the 1990s and at the beginning of the twenty-first century the general trend has been much the same. There has been a general decline in public investment in housing and declining Government funds have been shifted more from generic to specific subsidies targeting groups with the weakest socio-economic position.^{7, 8} The concept of housing provision has been partly modified so that the main function of housing policy has begun to be perceived as facilitating and enabling, and under these prevailing market conditions economic effectiveness and social efficiency have been stressed.
11. Statistical data show that housing conditions have in general improved in ECE countries, but at the same time there is clear evidence that new problems have emerged. Market-driven housing provision systems tend to be more sensitive to consumer preferences and choices. The changing demographic and social composition of the population, growing social polarization and variations in income distribution have influenced demand dynamics. On the one hand, this leads to a more diverse pattern of lifestyles and housing choices. People with more disposable income seek better living standards and move upmarket to more attractive environments. On the other hand, poverty manifests itself through the growing number of people on welfare assistance, rising homelessness and a general degradation in living standards. In western Europe, housing policies have emphasized the importance of financial instruments to facilitate access and choice. However, the gap between income and entry costs has continued to increase for low-income

⁴ For example, in the favourable conditions of the 1960s Germany and Denmark started the process of rent deregulation and re-targeting of housing assistance, whereas in Great Britain, for example no profound changes were made in housing policy until the end of the 1970s.

⁵ Priemus, Kleinman, Maclennan, Turner 1993 p. 19.

⁶ As was stressed above, this general description does not apply to all countries. For example, in the Netherlands or in Austria a high degree of Government involvement continued at least until the beginning of the 1990s.

⁷ Boelhouwer, van der Heijden 1997 p. 509.

⁸ Understandably, in this phase also development in some countries differed from the general trends. For example, Austria and Germany at the beginning of the 1990s, where subsidized housing construction was increased as a response to immigration.

households, making affordable housing of decent quality more and more difficult to obtain.⁹ Growing inequalities and increasing homelessness are threatening to have a negative effect on the quality of urban life.¹⁰

12. These new social problems have naturally influenced the orientation and objectives of national housing policies. In addition to common housing policy objectives such as accessibility, affordability and quality of housing, the struggle against homelessness, the avoidance of social polarization and segregation, and an emphasis on social cohesion and the creation of sustainable communities have, among other things, become increasingly emphasized.¹¹

13. The impact on the development of social housing of the policies described above was as follows: Social rental housing emerged on a larger scale in some European countries for the first time in the 1920s as an instrument for solving the housing crisis and broader social and political problems after the First World War. These housing programmes were targeted predominantly at the better-off working class and middle class households and were usually intended to be temporary.¹²

14. The true mass programmes of social rented housing occurred for the first time after 1945 during the “recovery phase” with the aim of eliminating the housing shortage. Social housing was chosen as a key instrument to solve the housing crisis and was funded mainly from public resources in the framework of the Keynes economy concept (maintaining full employment and economic growth). The emphasis was mainly on housing construction, whereas management issues and other economic aspects were neglected. During this period social housing, with rents set below market level, was not targeted at the poorest households but again at middle class households.¹³

15. During the second phase (“growing diversity”) the growth of social housing continued in the same fashion as in the previous period. Nevertheless, at the beginning of the 1970s some changes occurred which were driven by economic prosperity, elimination of the post-war housing shortage and enhanced home ownership. These factors, together with some negative consequences of post-war social housing programmes (low quality of social housing estates and their insufficient management), caused demand for this housing to diminish and the first vacancies occurred.

16. Really substantial changes in social housing occurred during the third phase (“new reality for housing”). These changes were caused by economic recession in the second half of the 1970s, the consequence of which was an overall aim to reduce inflation and to cut budget spending. Under these circumstances, when housing policy became more market oriented social housing experienced considerable challenges. Investment in new social housing in many countries was decreased in real terms¹⁴ and this fact, together with social housing privatization, which was launched in some countries, caused the share of social housing in the total housing

⁹ Sustainable Development of Human Settlements in the UNECE Region 2003 p. 16. See also Kleinman 1998; Priemus 1997; Priemus, Dieleman 2002 etc.

¹⁰ Priemus, Kleinman, MacLennan, Turner 1993 pp. 26, 27.

¹¹ Hills 2001.

¹² Harloe 1994.

¹³ Harloe 1994.

¹⁴ Priemus, Kleinman, MacLennan, Turner 1993 p. 23.

stock to be reduced. As a consequence of these processes, social housing became gradually increasingly targeted at narrower sections of society.

17. This development of social housing, which seems still to be continuing, is at first glance in accord with housing policies' intentions, highlighting market principles, economic effectiveness and social efficiency. But in fact it has also brought about unintentional consequences - social and spacial polarization and segregation. As a consequence, the social housing sector or its parts has become more and more stigmatized. As described by Priemus and Dieleman, "Tenure segmentation by income, with an increase in the number of low-income households in the social rented sector, seems to occur everywhere."¹⁵

18. A narrowing of social housing together with the continuing market orientation of most national housing policies, have also influenced the "policy" of some of the non-profit social housing providers. Under these competitive conditions they are increasingly less able (or willing) to serve low-income households and try to focus more on middle-income households. As a result, the dividing line between those parts of the social rented sector that are not occupied by poor households and the commercial rented sector has become hazy.¹⁶

C. The development of social housing in countries in transition

19. As in western European countries, in countries in transition also the development of social housing must be perceived in the framework of socio-economic development and housing policy intentions; at the same time, huge differences among individual countries must be accepted. At the very least it is necessary to differentiate among central eastern European countries (CEE), south-eastern European countries (SEE), north-eastern European countries (NEE) and other post-Soviet countries.¹⁷

20. In the first half of the twentieth century, the housing situation in the countries in transition was influenced, as in other European countries, by the process of industrialization and urbanization. In CEE and SEE countries at least, housing development was very similar to that in western European countries; most housing was supplied via market forces, whose regulation was rather weak and temporary as a response to the social and political crisis brought about by the First World War. Besides this, rent regulation as well as the first programmes of social rented housing occurred between about 1919 and the mid-1920s, and were targeted above all at middle class households. Nevertheless, after that short period all countries strove to return to reliance on market principles. On the other hand, all contemporary post-Soviet countries (including NEE countries) experienced during that time very different developments influenced by a planned command economy.

21. The situation in all countries in transition changed completely after 1945, when Europe became politically and economically divided. From that time, housing policies in these countries were subordinated to centrally-planned economic systems which spread across the countries. Despite huge differences among housing systems in individual countries, it is possible to

¹⁵ Priemus, Dieleman 2002 p. 195. There are also exceptions-for example the broad social housing sector in the Netherlands.

¹⁶ Priemus 1997.

¹⁷ Tosics 1998 p. 276.

describe the main features of the administrative rationing housing system, which is also called the “East European Housing Model”,¹⁸ and its consequences:

22. Above all, housing was understood as a social right directly guaranteed by the Government. Housing was in general not perceived as a commodity, and market principles in the housing area were suppressed. There was direct State control over production, allocation and consumption of housing. Housing was very cheap for tenants and for home owners but very expensive for society because of the high level of subsidy on the one hand and a very low level of (economic) efficiency in housing production and management on the other hand. Housing quality during this period was rather low.¹⁹

23. This housing system was confronted with huge problems; it was very costly and inefficient and did not manage either to provide people with quality housing or to eliminate housing shortages despite the fact that housing production in the 1970s (“the golden age” of this sort of housing policy) was comparable to production in western European countries.

24. Despite these common features, there were huge differences among countries concerning the housing situation and housing policy. Besides differentiation among CEE, SEE and Soviet Union countries, there were also variations within these groups of countries. For example, Yugoslavia developed a different housing policy from other SEE communist countries.

25. There were huge differences from the tenure point of view among former communist countries. For example in most of the CEE countries, in Yugoslavia and post-Soviet States, State housing and often also cooperative housing had a strong position. On the contrary, in SEE countries and also in Hungary traditional home ownership prevailed. In all these countries, however, private rental housing was completely or almost completely lacking (in CEE countries, due mostly to nationalization) and disposal of home ownership was restricted.

26. Housing policies in the former communist countries have also developed over time, but the changes that occurred were not as striking as in western European countries. In individual countries, some attempts were made to change the orientation of housing policy (such as in the modernization of housing stock), but no or only little progress was achieved since the socio-economic framework was very rigid.

27. Although in some former communist countries huge parts of the housing stock was publicly owned, the public sector did not have any explicit social housing function - it was just a general supply of housing for all households. In some cases some “social” allocation criteria were theoretically proclaimed (targeting poorly housed people, families with children, or war veterans in the Soviet Union) but in reality they were not applied. There was an “excess demand” for housing, especially for new housing situated in attractive urban areas, resulting especially from the very low prices for housing. For that reason, publicly-owned flats were allocated mostly according to a merit principle; this meant, for example, that, in the former Czechoslovakia especially, members and other people serving the communist party were often preferentially provided with flats.

¹⁸ Tosics 1998 p. 276.

¹⁹ More detailed description of this housing model can be found, for example, in Tsenkova 2000, Tosics 1998.

28. Despite the fact that housing was heavily subsidized and made affordable for all people, it must be stressed that "...the term social housing was incompatible with the communist ideology"²⁰ because the entire political system was declared to be social, introducing equality and solidarity. During this period it was impossible to declare the existence of social groups suffering homelessness, or poor people, or to admit shortages in general in the provision of this basic need. As a result, social housing in the western European meaning was never recognized as a necessity. However, large parts of the housing stock, especially in CEE countries and the former Soviet Union, had features that are usually understood as the main characteristics of social rental housing (such as price regulation, non-market allocation, subsidization, public ownership).

29. Housing policy in these countries changed completely after 1989 when individual countries began their transition from a centrally-planned housing policy towards a market-oriented one. From at least the very beginning of the 1990s the main goals of housing policy in most countries in transition were declared: "...to apply market principles as much as possible...and to adjust rents, prices of apartments and houses, gradually but not slowly, nearer to market price relations."²¹ As a consequence of these aims, housing policies in countries in transition became in many instances more liberalized than those in the west European countries.

30. The most important features of housing policy reforms were overall deregulation of the housing area (mainly price deregulation) and decreasing public intervention, privatization of the housing industry and housing services, privatization of the housing stock (mostly to sitting tenants) and support of home ownership,²² and decreasing public subsidies, especially in regard to housing construction. All of these profound changes were launched in insufficient or sometimes even non-existent legal and institutional frameworks,²³ for example in regard to property registration or finance systems.

31. These profound changes revealed that the main inherited problem in most countries in transition is not a general housing shortage but rather a supply and demand mismatch²⁴ and deferred maintenance.²⁵ There are also new problems which must be solved. All-inclusive liberalization of society brought about growing social differentiation, and increasing differentiation in house prices. As a consequence, a growing section of the population may experience problems with access to adequate and affordable housing.²⁶ Providing socially weak households with affordable and decent housing is very difficult, especially in countries where owner-occupied housing prevails.²⁷

32. The affordability problems and risk of homelessness is much worse in SEE countries and all post-Soviet countries, whereas in the CEE countries the housing situation is generally viewed as quite satisfactory. Most SEE and post-Soviet countries belong to "fast privatizers" so that

²⁰ Dandolova 2003.

²¹ Musil 1995 p. 1680. The example of the Czech housing policy.

²² There are only two exceptions - the Czech Republic and Poland, which have not applied mass privatization of housing stock and now have a satisfactory amount of rental housing.

²³ For more details see for example Tsenkova 2000.

²⁴ Tosics 1998 p. 290.

²⁵ Tosics, Hegedüs 2003.

²⁶ Tosics, Erdösi, Mandic 2002 p. 25.

²⁷ For example SEE countries - share of owner-occupied housing in 1994 was 89 per cent on average. In: Tosics, Hegedüs 2003 p. 24.

owner-occupied housing in most countries accounts for 90 per cent or more of the housing stock and is often occupied by poor households. Compared to the CEE countries, there is also a lower level of housing consumption, which is worsened by insufficient infrastructure networks and deferred maintenance of the housing stock. In SEE countries, there is also a huge demand and supply mismatch due to migration and changing population numbers (rural areas are becoming less populated while there is a housing shortage in big city regions), homelessness problems and problems with illegal housing.²⁸ A similar situation exists in most post-Soviet countries.

33. Data from the mid-1990s show that in response to these social housing problems, most vacant rental units in countries in transition were allocated according to the social needs of the most vulnerable people. But this in fact does not mean very much as the number of available flats was very low,²⁹ due not only to the fact that the public housing sector, which could have served as social housing, had almost disappeared in most countries in transition, but also because this part of the housing stock is occupied by sitting tenants benefiting from rent regulation. As a consequence, the most vulnerable and needy households must also rely on owner-occupied housing.

34. Roughly around the mid-1990s, many countries in transition began to realise that satisfactory solutions to housing problems could not be based solely on market principles. Since approximately that time there has been a clear effort in most of these countries to establish a proper legal and institutional housing framework, to develop a financial housing system, to restore production subsidies and to establish non-profit/social rental housing. This second stage of housing reform has proved to be much more difficult than the mere departure from a centrally-planned housing policy.³⁰

35. In this changed context, the social housing stock is beginning to be perceived as an important tool, which can help to ensure affordable and decent accommodation for households who cannot pay market prices for housing. In most countries in transition there has recently been a clear endeavour to establish a social housing sector similar to that which exists in most western European countries. Unfortunately there is one big obstacle which makes the accomplishment of this aim very difficult - public budget restrains. Owing to this fact, social housing programmes are still either lacking or very limited. If there is any social housing construction, it is mostly targeted only towards the most disadvantaged groups of the population and due to this fact there is a danger of social polarization and segregation.

36. There are only a few cases where social housing programmes exist in countries in transition. The main example of this is Poland where non-profit housing companies – TBS – are being established to provide housing for middle-income households. Another example is the Czech Republic where in 2003 a new programme was developed providing subsidies for the construction of municipal rental flats targeted at households with lower to middle incomes, and where new support for cooperative housing construction is under preparation.

²⁸ Tosics, Hegedüs 2003 p. 32

²⁹ Tosics, Hegedüs 2003 p. 26.

³⁰ Tsenkova: 2003 p. 193.

D. Privatization of public housing in countries in transition

37. Privatization of the public housing stock has been part of the broad process covering deregulation, decentralization, liberalization, change to a market economy and so on in the countries in transition. Besides the housing stock privatization there has also been privatization of the building industry, of housing management organizations, and of housing finance systems, among other things.³¹

38. Privatization of the housing stock and a consequent increase in owner-occupied housing is one of the most visible outcomes of housing transformation. At the beginning of the 1990s, public ownership and other forms of collective ownership (cooperatives) were largely seen as reminiscent of communism, whereas private ownership and especially owner-occupied housing came to be regarded as the preferred tenure system for countries in transition.

39. At the beginning of housing policy transformation there were different aims connected with housing stock privatization, especially with privatization of public housing.³² In addition to the efforts to switch from a socialist housing system (the “East European Housing Model”³³) to a market-oriented one and to improve the economic efficiency of housing systems in general, there were also subsequent aims: raising revenues from the sale of public housing, reduction of public expenditures because of a widespread belief that housing stock privatization would encourage new owners to spend their financial resources on housing improvements, getting rid of negative asset value represented by deteriorated housing stock, and so on. Besides the economic reasons justifying public housing privatization, there were also political reasons, for example the effort to strengthen new regimes by offering advantages for ordinary citizens. When these objectives were formulated, neither real analysis of the possible economic problems associated with a dominant owner-occupied sector, especially one occupied by so many low-income people, was made, nor presumably were market failures taken into account.³⁴ Not only Governments but also many of the future owners were not aware of the costs of home ownership, in particular the costs of maintenance and repairs.

40. Nowadays most countries in transition (with a few exceptions such as Poland or the Czech Republic) are labelled “nations of home-owners”. It must be borne in mind, however, that this tenure structure reflects not only the process of privatization but in some countries also the traditions and legacy of the former socialist housing system.³⁵ Shares of home ownership housing in former communist countries were very different. In SEE countries owner-occupied housing traditionally prevailed (for example, in 1990 the share of owner-occupied housing in Bulgaria was 89.7 per cent, in Romania 76.1 per cent, in Slovenia 68.9 per cent), whereas in NEE and most CEE countries public housing had a very strong position or even prevailed (for example, in 1990 the share of owner-occupied housing in the Czech Republic was 40.3 per cent,

³¹ The answer to the question “what is privatization?” is much more complicated than is drafted in this paragraph. For better understanding see for example Clapham, Kintrea 1996.

³² Clapham, Kintrea 1996 pp. 7, 8; also Douglas 1997 pp. 37, 38.

³³ For example Tosics 1998 p. 276.

³⁴ Douglas 1997 p.38. The most common market failures are due to cost increases, unsatisfied demand, cost and output fluctuations, social and space polarization, homelessness and so on.

³⁵ Tsenkova 1999 p. 3.

in Russia 26 per cent, in Estonia 35 per cent, in Latvia 22 per cent and in Lithuania 39.1 per cent).³⁶

41. Attitudes to owner-occupied housing in the communist countries varied significantly (the most extreme example being the former USSR on the one hand and the former Yugoslavia on the other), but despite this fact there was one common feature – this tenure was subsidized in different ways so that it was “universally affordable”.³⁷ At the same time it was strictly controlled so that rights of use were restricted. Due to this fact the lines between ownership and rental, private and public, were often fuzzy; home-owners’ rights were limited to personal consumption whereas tenants’ rights were very close to the rights of home-owners (such as the right to transfer or to inherit housing).³⁸

42. The attitudes of individual Governments to housing in general and also to home ownership housing was changing in the course of the communist regime, above all in the 1980s when disintegration of communist housing policy began. As a result of the unsatisfactory housing situation, a lack of public resources, and so on, private housing began to play a more and more important role in housing provision; in addition to home ownership, other forms of housing provision were also promoted, especially cooperative housing.^{39,40}

43. During the housing transformation of the 1990s, a variety of housing stock privatization types were adopted: privatization of public housing (including State-enterprise housing), restitution of formerly nationalized housing stock and conversion of cooperative housing into condominiums; nevertheless, the privatization of public housing was the most important type of privatization.

44. Privatization of public housing has taken different forms; public housing has mostly been transferred (either sold or transferred for free) to sitting tenants, but sale to private companies or to one individual person has also been applied; for example, in the Czech Republic blocks of flats have been sold to legal entities (mostly cooperatives) comprised of tenants.

45. Mainly privatization to sitting tenants, resulting in home ownership housing, has had a profound impact on the redistribution of wealth in society. There are winners who acquired quality, tradable property at a big discount; there are also losers - not only people who gained no housing via privatization and have difficulties finding decent housing because of their low income (this applies to most young people in the Czech Republic), but also people who via public housing privatization acquired deteriorated properties which are in such a bad state that their maintenance and repair requirements constitute a huge financial liability for their owners.⁴¹

46. From the selling price point of view, different strategies of public housing privatization have emerged: voucher privatization, free-of-charge privatization, low-price privatization and

³⁶ Tsenkova 2000 p. 33.

³⁷ Tsenkova 1999 p. 3.

³⁸ Tsenkova 2000 p. 31.

³⁹ Tsenkova 2000.

⁴⁰ It must be kept in mind that there were big differences in timing among individual countries. For example promotion of owner-occupied housing in the 1980s was noticeable in Hungary; reliance on cooperative housing in the former Czechoslovakia had already started in the 1960s and was intensified during the 1980s.

⁴¹ Tsenkova 2000 p. 32 - 34.

mixed low and high price privatization. Low price strategies (that is, “give-away” privatization) have mostly prevailed - in the first half of the 1990s prices were typically less than 15 per cent of the market price of a comparable asset.⁴² Low-price privatization has frequently been preferred because it has enabled Governments to get rid of deferred, loss-making housing stock and responsibility for it. This strategy can be advantageous in the short run, but in the long term it involves, “...by not selling at prices close to or at the market level, the loss of accessible and affordable rented housing (an important social asset), and the difficulties faced by low-income buyers in funding the costs of repairing and maintaining their properties.”⁴³

47. The interest of people in buying their flats has been influenced not only by selling price but also by rent policy. Although this factor has not usually been used intentionally, there is evidence in some countries that there has been a linkage between level of rent (process of rent deregulation) and the call to buy housing.⁴⁴

48. The present shares of owner-occupied housing in former communist countries are an outcome of both housing stock privatization and the tenure structure before transformation. This fact indicates that the position and importance of home ownership in individual countries in transition should be considered from two points of view. The first is the share of owner-occupied housing before transformation; the other is the size of the change resulting from housing privatization. From the first point of view, the “true nations of owners” are especially Bulgaria, Romania, Slovenia, Albania, Croatia and also Lithuania and Hungary; with the exception of Lithuania, these were countries where owner-occupied housing already prevailed before transformation. From the second point of view, Russia, Lithuania, Armenia and Slovenia should in particular be mentioned; these are countries where during the first half of the 1990s more than 20 per cent of total housing was converted to home ownership. Between 9 per cent - 17 per cent of total housing stock was sold to tenants in Latvia and Estonia; in Bulgaria and Hungary only around 3 per cent - 9 per cent of the total housing stock was sold; less than 5 per cent of the total housing stock was sold in the Czech Republic and Poland.⁴⁵ In those countries where owner-occupied housing prevails strongly (especially SEE countries where the average share of home ownership in 1994 accounted for 89 per cent of the total housing stock)⁴⁶ the public sector has become marginalized and “even the most vulnerable and lowest groups of society have to find the solution to their social housing problems in the owner-occupied sector”.⁴⁷

49. Due to transformation and privatization of housing stock, home ownership in post-communist countries has become a tenure which incorporates a wide range of properties of different type, size, quality and so on. It comprises former public housing and original owner-occupied - mostly rural-housing on the one hand and newly constructed home ownership housing on the other. The average quality of the housing stock that was constructed during the communist period and earlier is in most countries in transition rather low – small-size flats, a lack of amenities, non-existent social and technical infrastructure and so on; a better situation, comparable to western European countries, exists only in CEE countries. Home ownership has

⁴² Tsenkova 2000 p. 32.

⁴³ Balchin 1996 p. 240.

⁴⁴ For more details see for example Roberts 2003.

⁴⁵ Tsenkova 2000 p. 33 - 34.

⁴⁶ Tosics, Hegedüs 2003 p. 24.

⁴⁷ Tosics, Hegedüs 2003 p. 26.

become more and more differentiated from the regional point of view; there are strong distinctions between peripheral housing estates, suburban housing areas with new, often luxury, family houses and inner-city areas.⁴⁸

50. Home ownership under the communist regime was mostly uniform; there were no important differences concerning home owners' social status. During the process of transformation the tenure has become increasingly fragmented and polarized; nowadays it includes well-off households who bought new quality housing as well as poor households (low-income, elderly, unemployed and so on) who obtained their properties via privatization or who own traditional rural housing.

51. Present problems with former public housing which is now owner-occupied are caused by three main factors. The first is the physical state of this housing stock which consists mostly of deteriorated multifamily buildings with neglected repairs and serious technical deficiencies. The other is the fact that the ownership of this housing stock was passed to individual owners, often low-income households who are not capable of paying for maintenance of and necessary repairs to their properties. The third factor is the fact that the responsibility for this housing stock was passed to the new owners without ensuring proper financial, legal and organizational conditions.

52. Besides insufficient or almost non-existent financial funds (both private and public), there is also a lack of legal regulations concerning owners' associations and management of multifamily blocks, and a lack of cooperation among the new owners. There are no efficient enforcement methods against owners who do not pay. The insufficient legal framework regarding home ownership in multifamily buildings sometimes results in a very strange situation where home ownership is still treated as public housing – the land is owned by municipalities, municipalities provide new owners with fixed-price services and so on.

53. There is a paradoxical result in countries in transition. Owner-occupied housing which originated from public housing stock has nowadays at least two features in common with "true" social rented housing in western European countries; both are at least partly occupied by poor households, and both contain low-quality housing situated in multifamily buildings, especially on the outskirts of cities.

54. "There is a widely held view among housing experts that in highly privatised housing systems in countries in transition the maintenance and affordability issues are more serious than the need for new construction.....". "The conviction is commonly held that special attention must be urgently paid to two, so far neglected, aspects of housing policy: to the maintenance/renewal problems of the privatised multi-family housing stock, and to the housing problems of the poor." "...more differentiated policy must be established towards the owner occupied sector; one part of this will easily turn into the market sector, while the other must be subsidised in order to be able

⁴⁸ Tsenkova 2000 p. 55.

to house the poorer segments of the society, living in abandoned multi-family buildings.”^{49, 50}
Despite these facts, improvement of the housing stock is not usually on the political agenda.⁵¹

⁴⁹ Tosics, Hegedüs 2003 p. 39.

⁵⁰ This quotation concerns SEE countries but in reality it is valid also for all Post-Soviet countries and partly for CEE countries where home ownership prevails and rental housing (public or non-profit) is marginalized.

⁵¹ Tosics, Hegedüs 2001.