

Summary and Recommendations

Overview

Romania is a country in transition from a socialist planned to market economy. At present, it is experiencing a number of significant housing problems. The country also faces several major challenges to action over the coming years, and a failure to address these adequately is likely to result in the housing problems growing to insuperable proportions.

Set against this negative background, there are some promising signs for the future. Over the past few years, the Government – primarily the Ministry of Housing and Planning – has become increasingly active in the formulation of housing policy, and has taken various initiatives in housing issues. Nonetheless, however essential and effective these might be, they are not sufficient to deal with the scale and complexity of the country's housing problems.

One positive initiative by the Government was its request to the United Nations Economic Commission for Europe for this country profile on housing. This reflects an honest appraisal of the situation, acknowledging that Romania might benefit from an objective external view of its housing situation. In this same spirit, the profile aims at an entirely honest description and assessment of the housing situation in the country: its problems, the effectiveness of measures taken to date to address them, and the options for future action.

Perhaps the greatest danger facing the country's housing is a failure to recognize the scale and complexity of the issues. This is exacerbated by the fact that recent housing initiatives do appear to be beneficial, but in a very narrow area. There is a danger that this success might distract attention from all the other issues not yet being addressed, leading to complacency by those in authority, and the public who are keen to see real progress, which in turn might prevent action until it is too late. The request to the United Nations Economic Commission for Europe can be taken as clear evidence that the Romanian Government is not complacent about the current situation, and will welcome its attention being drawn to all the areas which need it.

Strategic priorities for housing policy

To focus this study, it was essential to identify the objectives of Romania's housing policy. There is no shortage of strategies, policies and legislation in which aspirations for the country's future housing are set out; and, yet, these aspirations have produced few concrete objectives or practical measures. It therefore became imperative to assess the concrete housing issues facing the country and its citizens, and for their implicit problems to be tackled by policy and action. This led to one of the key conclusions of the study, namely that there is a marked difference between the material circumstances of housing in Romania and current official priorities.

Public expenditure on housing

Judging by the size of budget allocations, housing is neither a national nor a local political priority. This reflects the attention being given to more urgent and politically sensitive issues, and the tight budgetary policies necessary if EU applicants such as Romania are to comply with the Maastricht criteria. More significantly, the prevailing view in official circles – at least at the national level – appears to be that the only major housing problem requiring government intervention is the need to “kick-start” the market in house purchases: all else can be left to market forces.

Despite the relatively low level of direct budget allocations for housing, considerable public resources can actually be seen to flow indirectly into housing. This takes a variety of forms. Some reflect the fact that not all areas are market-oriented: as for example real expenditure in subsidizing

utility services; or the opportunity costs of artificially low public rents, State land provided free for development, and tax-free periods following privatization. More hidden is the relatively unrecognized enormous depreciating asset value of the country's housing stock due to insufficient investment in maintenance and repair - a loss for both state and private owners. This again reflects the lack of appreciation of market values which would come from a well-established market.

Public spending on housing is also poorly targeted. The strategy for public investment in housing in other countries usually follows policies:

- To stimulate investment among elements of the population who otherwise would not invest in housing,
- To provide housing (or services) to those who are not in a position to afford suitable housing (services) in the market.

Within the strategy, investment is usually targeted on those housing sector areas which need priority due to the urgency or intensity of their need. In Romania, in contrast, the main focus of current public expenditure is the National Housing Agency, whose activities apparently do not concentrate on those areas most in need of government investment. For example, the NHA is undoubtedly building new good-quality dwellings, which are sold at reduced price to customers without checking whether they can afford to (or intended to) buy at market prices or not.

Poor targeting is also evident in the allocation of subsidies to the public rental stock and utilities, when the subsidy (of either rents or utility bills) is applied across the board irrespective of the household income. Basically, the rental stock is subsidized through rent controls, which is commonly recognized as an obsolete method. Even though the public rental stock in Romania is very small by any European standards - which means that rent controls do not greatly interfere with the owner-occupied sector - it can still hinder the growth of the private rental sector, limit the housing mobility of tenants, and - most importantly - adversely affect the physical condition of the rental stock to which it is applied.

Additionally, there are evident gaps in housing expenditure policy. There are no readily available subsidy mechanisms in cases of massive natural disasters which destroy substantial housing stock. Yet Romania is endangered by both floods and earthquakes. Recent experience indicates that ad hoc measures to enable reconstruction or provide alternative permanent housing usually entail delays and highly inefficient public spending.

There is also no policy for ensuring that the housing authorities can provide enough adequate shelter for homeless people, as described in more detail below. Romania lacks supply-side subsidies. An insufficient supply of land for housing construction, with adequate infrastructure, pushes costs and prices up. Responsibility for infrastructure was transferred to the local authorities, but local budgets cannot support the task.

Actions aimed at improving housing conditions could generate additional resources, in what could prove to be a "virtuous circle". For example, a greater taxable base for public investment could be created in the building material and construction industries through massive increases in turnover from the necessary repair, renovation and new construction work. More use of economic rents and utility charges could service loans raised for commercial investment. A more secure housing market combined with better appreciation of asset value could stimulate and justify increased private investment by homeowners.

The housing market

The environment for housing finance is steadily improving (both in institutional and macroeconomic terms), but this started from a very low base; and there is still only a very rudimentary market-based housing finance system in Romania. Macroeconomic conditions will hinder the development of housing finance in Romania in the years to come. How long they will do so depends on the sustainability of the present macroeconomic policies. The prevailing strict budgetary and monetary policies are both conducive and obstructive to the development of the housing sector: conducive in the long run in bringing stability; and obstructive in the short run due to the need for cuts in expenditure and high real interest rates.

The Romanian loan market is dominated by the few commercial banks, which fund housing loans from short-term deposits. The supply of housing loans is limited in both scale and variety for both individual home-buyers and private residential developers.

Public spending always interferes with markets; and the government-sponsored programme of relaunching new housing construction through the NHA is no exception. It creates unequal competition, since NHA projects are basically directed at the same customer as those of private developers and the NHA enjoys special privileges and ultimately a price advantage over private developers. If adequately capitalized, the NHA can crowd out the competition in the market, bringing business success, but not necessarily to the real benefit of market development.

The National Housing Agency

Created by the Government to work to a policy agenda, but under market conditions, the NHA can be seen as a way to “privatize” housing policy. The NHA has been assigned tasks which are typically performed by governments. There is nothing intrinsically wrong with this approach, but, in the Romanian context, it poses certain risks to housing policy effectiveness. The risks can be characterized in the following scenarios:

- **Policy.** Early success in delivering on objectives in one area of operation - whether factual or window-dressing - could easily lead to a strong perception of the effectiveness of the Agency’s operations. This might lead decisionmakers to assume that this effectiveness will apply to whatever the Agency undertakes, and reinforce a tendency to believe that such an agency working through market mechanisms is the only way to address all housing problems. One consequence might be to give the Agency a free hand, not only to implement, but also to formulate, all housing policies. Consequently, the NHA could develop by default into the only agent on the housing policy scene. Since Romania lacks certain important policies at national level (see below), this kind of autonomy for a market-oriented body without political direction could be very risky.

- **Practicalities.** The Agency was apparently devised as a self-perpetuating “investment machine”, in which, having been set up with its initial public capital, funds revolve and generate ever more private funds. However, this is likely to prove false: because the funds will almost certainly not revolve fast enough to meet any demand substantial enough to start meeting Romania’s housing needs. Misplaced trust in the ability of this model of financial engineering to deliver could lead the Government and Parliament to limit or completely cut off public funding at a time when further input is required. Equally, if the NHA became a major (or the only) channel for transferring public funds into housing construction, its funding requirements might divert most or all public money available for housing away from other schemes that meet other needs.

System-built apartment blocks

A large part of Romania's housing stock consists of blocks of apartments constructed by the State using various forms of system building. The vast majority of these apartments have been sold into private ownership, a measure which enjoyed widespread support at the time, reflecting the population's strong preference for owning their home.

A number of major problems have been identified in connection with these apartment blocks:

- **Physical.** A small but significant number of blocks suffer from major structural problems. The vast majority are very poorly insulated, causing major discomfort and endangering health and even life in both the heat of summer and cold of winter. Poor insulation together with badly maintained internal and external infrastructure for utility services lead to high wastage and costs in provision. One fundamental issue is that there has been no survey of these physical conditions, and therefore there is no firm knowledge of their scale and extent, nor of the costs of rectifying them.

- **Institutional.** The ownership of the blocks was fragmented into multiple ownership of the separate apartments within condominiums, including continuing public ownership where tenants were unable or unwilling to buy. This situation has been further complicated by the letting and subletting of some apartments. The handling of building work, payments for utility services, and other matters of common interest to condominium residents depends on the effectiveness of their homeowners' associations. This varies considerably and has no firm legal basis.

- **Economic.** After meeting their everyday living costs, few households owning apartments have sufficient disposable income left to contribute to the costs of cyclical maintenance and minor repairs; and even fewer can save for major repairs to their buildings. As a consequence, the general condition of the apartment blocks can be expected to deteriorate, rendering an increasing number unfit for habitation. A significant minority of households (typically older people on fixed pensions) cannot afford even to meet their heating and other utility bills and their tenure can only be maintained if the State-owned utility companies are subsidized and tolerate arrears.

- **Financial.** Although the ownership of an apartment represents a real financial asset, the general lack of maintenance and repair can easily imply a significant risk for any potential

private investor, making it relatively difficult for homeowners to raise mortgages in a poorly developed financial market. There is also little public funding available for homeowners.

- **Social.** Many households are investing money in improving their own apartments. However, investing in the jointly-owned building structure or utility infrastructure is often impossible because either some resident households cannot afford to contribute or because cooperation within the homeowners' association, if there is one, is poorly developed. The situation is being exacerbated as those who can afford to do so are moving out of the apartments to purchase newer and/or better quality properties. This can be seen as the first stage of a social polarization, which will lead to an increasing concentration of poorer households in these apartment blocks. Unless these issues are addressed, Romania faces the prospect of emerging ghettos of poorer households literally trapped as owners or tenants of unsuitable properties that they cannot afford to maintain.

Older family houses in urban areas

While not experiencing the same problems of shared responsibilities as the new owners of apartments in condominiums, the residents of older family houses do share the economic and financial

limitations of those living in apartment blocks. Equally, although the physical condition of their homes tends to be better than that of apartment blocks, its maintenance and repair has been typically neglected for decades, and therefore also represents a major challenge. In short, additional investment into this sector of the housing stock is needed to avoid its further deterioration. An additional problem for many residents in this stock is the threat of losing their home through claims for restitution by the former owners or their descendants.

Rural housing

The nature and condition of the rural housing stock is very varied, and care must be taken in generalizing. There are nonetheless extreme cases of unfitness, typically associated with poorly maintained traditional timber and earth structures.

Rural housing problems are even more associated with poor energy efficiency, the inadequacy and cost of utility provision other aspects of the physical infrastructure, and poor commercial and social amenities in rural settlements. In other words, it would be more appropriate to speak of the housing dimension of the complex of problems generally besetting rural areas in Romania, rather than rural housing problems.

New housing produced by the market

Since the housing market in Romania is not well developed, it is not surprising to find new market generated construction to be very limited. Nonetheless, its quality is generally acceptable: the problem is rather the selling price which limits accessibility to a relatively very small portion of the population. This price is governed partly by the inefficiencies associated with obtaining serviced building sites, and partly by the cost of finance, materials and construction in an as yet insufficiently developed market economy. The efforts made to introduce innovative building methods and materials to produce new homes at lower cost have not been generally welcomed by potential customers. Although attributed by commentators to an inherent conservatism, this could equally reflect disillusionment with system-building methods used for apartment blocks in the 1960s.

New social housing

The construction of new social housing is currently negligible. This can be attributed to the lack of public funding, or to the stifling of debate on the subject due to the received wisdom that there is no actual need for more social housing. Nonetheless, there are signs of tension which will resurrect this issue: not least a growing number of evictions and increasing homelessness, but also the mismatch between households and their living space, or between households' income and their increasing housing costs. Emergencies like earthquakes and floods are another reason for keeping a significant public housing stock, which would reduce the volume of instant expenditure should a disaster occur.

Conclusions and recommendations

Despite the scale of the housing problems facing Romania, effective solutions are possible. They will, however, demand considerable immediate action by the State. In other words, the free market alone will not be sufficient to deal with the country's present and future housing problems.

Romanian will need to make much more funding available for direct investment in housing. This could be found by redirecting resources currently wasted as indirect funding for housing-related

issues. However, the State cannot realistically be expected to meet more than a small proportion of resource requirements, and the need for State action covers much more than investment. Considerable private investment must be made available to deal with housing problems over the next years. This private investment must come not only from corporate commercial sources, but also, to a large degree, from ordinary households in the country.

So the Romanian Government has a very clear and significant role in developing and maintaining a suitable framework for encouraging, facilitating and helping direct private investment into housing so as to solve the various problems. This will require a better understanding of the housing sector and, on this basis, a strategic approach going well beyond the current expressions of intent, and setting out clear plans and programmes to achieve the objectives. It is hoped that this report will provide a practicable and appropriate basis for this understanding and strategic approach.

This country profile makes a number of recommendations to the Romanian Government, drawn from the analysis and conclusions in the various chapters. In the schedule below can be seen an embryonic strategy which is recommended by the UNECE team of experts:

General Approach of the National Government

The overriding need is for the Romanian Government to recognize the scale, extent and complexity of housing problems in the country. Consequently the Government will need to be committed to much greater active intervention in the country's housing markets than at present, if it is to improve the effectiveness and efficiency of market operations. If the political will for this change is lacking, the implementation of all other recommendations will be ineffective.

Moreover, certain aspects of the current situation require immediate intervention by the Government to prevent the situation getting out of control.

Without in any way wishing to question the importance of market forces in dealing with many of Romania's housing problems, the experts feel that the Government will have to recognize that a very large proportion of its citizens will not be able to get satisfactory housing conditions without financial resources from outside normal markets. So further commitment will be needed to ensure the future provision of better targeted public funding. It will also probably need to be much greater than at present.

The Government is advised to pay more attention to the potential role of the housing sector in the economic development, which is one of the country's priorities. On the one hand, housing construction, repair and maintenance can be major contributors to economic activity and employment. On the other, the availability of decent housing in the right location and at the right price for the economically active population is a key component of the country's infrastructure.

Particular attention needs to be given to strategy, policy and plan formulation at all levels, with the lead being taken by the national Government. Specifically, strategic documents must be seen as the beginning, rather than the end, of processes, with far more care taken both in considering how plans and policies are to be fully implemented, and in ensuring that implementation is monitored and achieved. Specifically, the various potential stakeholders in implementation need to be involved in strategy formulation, to maximize its chances of success.

General Actions by the National Government

Legislation

Legislation on local authority finance should be revised so that funding for the housing sector and its related infrastructure becomes a priority for local administrations.

The draft laws on land-use planning, local public utilities and property restitution, which are currently before Parliament, should be approved and implemented as quickly as possible.

Romania should adopt legislation regulating financial support from the budget to persons who lose their dwellings in natural disasters. In emergencies, the State should be able to react quickly and offer subsidies (cash grants, low-interest loans, interest subsidies, State guarantees, special purpose insurance schemes, etc.) to individuals for the reconstruction of their homes, or to municipalities to acquire social housing for the victims. Support is particularly important in rural areas, where access to alternative housing is restricted, and where it is unlikely that the property lost is insured.

The Government should consider the need for legislation to support and/or enforce the wider housing role for local authorities recommended below.

The Law on the status of foreign investments should be amended to include a new clear provision on foreign investments in the construction of new dwellings so that Romanian developers do not suffer disincentives.

The legislation on the completion of unfinished buildings financed from State or local budgets should be modified so that sale at a symbolic price is possible. This would both help bring about speedier completion and permit new dwellings to be made available at lower prices or rents.

The Cadastral Law should be completed, making provision for obligatory registration. In the Law, registration terms should be clarified.

The acts relating to sites for new housing construction - e.g. Land Fund Law, Law on Public Property and its Status, Law on Leases (Concessions), building permits and building regulations - need to be reviewed and possibly consolidated with a view to removing obstacles to effective and efficient development. The current dispersal of legal provisions hinders the transparency of access to development sites.

The provisions of the Law on Quality in Construction should be revised to extend its provisions to apply also to one- and two-storey buildings, as this large segment of the stock is currently exempt from quality control.

The Housing Act should be extended by provisions covering the following:

- The organisation and obligatory registration of homeowners' associations;
- The regulation of relations between different owners in condominiums, especially regarding their efficient and effective management;
- The contracting of services from public utilities in different ways (e.g. by homeowners' associations for the whole building, or by homeowners and other residents directly).

The chapter of the Housing Act on "the renting of dwellings" should be extended with a new provision establishing an owner's right to receive information annually from the tenant on the net monthly income of the latter's household when it pays a social rent.

The Housing Act should be extended to give the developers of social housing the right to transfer these dwellings - after the tax exemption period of compensation - into the category of “free dwellings”, which can then be sold by developers at market prices. This measure would be an incentive for legal entities and individuals to invest in social housing. In the present circumstances, and in order to attract private capital to the construction of social housing, these dwellings’ status as “social housing” should be maintained for 5-10 years.

The Law creating the National Housing Agency (NHA) should be amended to exclude conflict with the NHA fields of activity (see arts. 1 and 2).

The draft of the Law on Local Public Utilities should be extended to include the regulation of:

- The metering of cold and hot water, gas and heating in buildings; and
- The contracting of services from the public utilities.

Institutional

A quango responsible for housing policy development (such as a restructured national centre for human settlements) should become the coordinating body and forum for the various players in the housing sector. This forum would need to be fully open to any of the institutions interested and involved in the improvement of housing conditions in Romania. One of its key aims would be better communication between organizations and authorities at different levels, permitting a partnership which could improve housing sector agendas and this would stimulate a positive future housing policy.

National priorities for housing need to be set out clearly, and a proper understanding of national housing issues should be promoted through information and debate. They should be made public and supported through the relevant institutional structures and resource distribution.

Education, training and promotion

As a priority, there should be a recognition of the need to address the mind-set of the new generation of private owner-occupiers, many of whom still feel that the repair and maintenance of their property is a duty and function of the local authority or housing maintenance company. Once this situation is accepted, the new owners have to be educated as to their responsibility to invest in their own property to protect its value, as well as to ensure its primary function - that of shelter.

Support is also needed for the continuous professional development of national and local staff in housing, planning, surveying, engineering, and other related professional disciplines, to revitalize the skills and performance of the entire housing sector.

The Government should support technical assistance schemes for banks to train their personnel in mortgage designs, for example allowing deferred payments in the initial phases of loan repayment. Such alternative designs could work in the present inflationary environment in Romania, and could be successfully used to make mortgage affordable to moderate-income households without the need for State subsidies.

Public utilities

The practice of allocating public grants to service supply companies should be replaced by a new system of targeted financial support for socially vulnerable households to help them pay for public utilities.

Homelessness

The Government should consider launching a programme to construct shelters for the homeless. Even if it is not the most pressing need, a small annual expenditure - in the form of matching grants to municipalities or charitable organizations - could avoid very significant problems in the future.

Finance

Tax incentives appear to be a suitable instrument to encourage new house construction but they should be used cautiously. For example, applying a 0% VAT rate to housing construction would have a positive influence on the cost of housing production and on the volume of investment in the sector; and for this reason the Government should give this serious consideration. However, once the lower rate were introduced, it would be politically difficult to raise it in the future, if the need were to arise. In any case, European Union regulations require that the lowered VAT rate cannot be less than 5%. The same kind of cautionary qualification applies to other tax incentives.

Property tax exemption should be provided for owners (through the homeowners' associations) who invest their own funds in the rehabilitation of multi-storey residential buildings.

Increased funding will be needed to support the increased housing activities by local authorities as recommended below. The Government will need to facilitate this, providing resources directly if necessary; and there is scope for local authorities to be enabled to raise funding themselves through higher rents, local taxes, land sales, charges for infrastructure provision, and so on - or any combination of these. However, these must be handled sensitively so as not to solve one problem by increasing local households' affordability problems.

A more supportive framework of assistance is required for the new homeowners created by privatization. Although undoubtedly involving strengthening the management of locally based owners associations, ensuring their access to micro-finance will also be essential.

General Actions by Local Government

Local authorities need to adopt a different, proactive approach to housing, in which they accept their role and responsibility in ensuring the satisfactory quality of their citizens' housing. This is an extension of - rather than a replacement for - their present landlord role. Above all, each local authority needs to gain a clear picture of the local housing situation, and to create a practical strategy for present and future problems.

Among other things, the authorities will need to embrace the need to get involved in the search for solutions for unfit and declining stock conditions in the owner-occupied sector. This would most appropriately be pursued in the framework of general urban renewal and rehabilitation policies.

A key requirement will be to monitor local housing markets, and to gain a greater understanding of them as they evolve. The authorities cannot solve all, or possibly any, problems alone, and will need to work in partnership with others. They will therefore need to harness market forces as far as practicable, and to ensure that they are not inadvertently working against them.

A useful partnership for the authorities will often be with the local communities, including the groups of households in the owners' associations in condominiums. Here and elsewhere, they could develop programmes to support local action and community management and hence use the potential for self-help and the investment of residents' own financial resources.

Local authorities will find that, in accepting the need to facilitate the access of vulnerable groups to suitable housing, there is a need to anticipate future needs rather than rely on the needs manifesting themselves. They will, of course, need to provide funds for new social housing; but, to use these effectively, the housing should be planned and designed to match the nature of the special needs.

New Housing Construction and NHA

If subsidizing new home purchases is to continue as a policy, substantial funds should be channelled to the municipalities for the construction of housing-related infrastructure. With growing demand, the restricted supply of serviced land for housing construction is one of the most important factors in generating higher costs and prices. Supporting the supply side of the housing market is crucial if measures to stimulate demand for housing are to be implemented at the same time. Most demand-side subsidies will have been wasted if the newly generated demand causes price increases when combined with insufficient supply. The NHA housing construction programme does avoid this problem, but only because of the existing situation, in which the subsidy is in fact free access to development land.

The subsidies and other benefits accruing to the NHA represent a great price advantage over other developers. The NHA should avoid the risk of taking – or appearing to take - advantage of its statutory powers to compete with private developers in the same housing market. NHA involvement in the production of new housing for sale should target those segments of the housing market which are unable otherwise to attract sufficient finance. To do otherwise creates a great risk of using considerable public resources for little net benefit to the general housing situation. NHA resources should be directed to those areas of housing where the need for investment is not satisfied by private investors (e.g. social housing, or rental housing in general, consolidation, renovation). This shift would also allow the local authorities to tackle the real needs of the sector and allocate public resources more efficiently.

The statutory framework for the operation of the National Housing Agency should be revised as follows:

- By introducing sunset clauses into the Law on the National Housing Agency; the operational objectives of the NHA should be clearly stated and, after the achievement of these (or after a stated period of time) the programme should be phased out or privatized;
- By redesigning socially oriented criteria for applicants to the NHA programme (e.g. introducing maximum income eligibility caps) and giving these criteria more weight;
- By introducing further restrictions on the selling of newly built NHA dwellings by their owners.

Unfitness within the Housing Stock - Condominiums

The Ministry of Public Works, Transport and Housing should complete its assessment of the condition of the housing stock and quantify the investment needed to meet minimum standards. The results should then be fed directly into the policy-making process to inform the creation of a national strategic framework within which this problem can be tackled. This framework will need to direct and resource the necessary measures at both national and local levels, and ultimately ensure that appropriate action is applied to each building. In most cases, action will need to include repair, modernization, remodelling, and even reconstruction to deal with existing unfitness. In all cases, arrangements will be needed to ensure that future problems do not arise through further negligence:

- By organizing cyclical maintenance and due repair,
- By periodically inspecting buildings, and maintaining a technical passport for each,

- By ensuring the appropriate use of buildings and equipment,
- By informing the public authorities of technical accidents,
- By creating and operating a sinking fund to cover future maintenance and repair costs.

Sustainable housing requires professional management. Yet, current government policy involves reliance on the enthusiasm and activity of inexperienced inhabitants, which simply cannot guarantee it. Changing the present inadequate situation will probably require in each case some form of cooperation between governmental, voluntary, and private institutions to create effective management arrangements. It is recommended that the local authorities assume the role of facilitating these partnerships, receiving support from the government and other bodies interested in regenerating this key element of the national housing scene.

Highest priority should be given by the Government to raising public awareness of the need for the regeneration or reconstruction of the existing stock. More specifically, change is needed in the mentality of homeowners if they are to engage actively and fully in trying to improve their own situation.

General housing for rent

The Government should acknowledge the need for additional rented housing to accommodate new future households not yet able to afford homeownership. Social housing will be needed in any case to deal with the growing problem of evictions, and the need for temporary accommodation for tenants from buildings undergoing renovation, etc. Where this need is unlikely to be met by a supply of suitable housing, a strategy should be developed to create such a supply, including with public funding if necessary. The general strategy of the NHA should be redirected towards the construction of social housing or other dwellings for rent.

Rent controls should be lifted or at least decentralized and relaxed. As a form of subsidy to tenants they should be replaced by housing allowances offered to low-income households in all kinds of tenure to cover overall housing costs. It should be possible to do this without increasing the budgetary burden on the State, and possibly with a significant reduction of this burden. At the very least, it should ensure a better targeting of resources. A housing allowance regime could also be extended to cover the service charges of the utility companies - this would help them improve performance and reduce the burden on the State of covering their losses.

