**AFFORDABLE HOUSING IS A PRIORITY FOR OVERCOMING THE CRISIS AND ACHIEVING THE MILLENIUM DEVELOPMENT GOALS**

A UNECE REM meeting to discuss the impact of the financial and real estate crises, held at the UN New York Headquarters, benefited from the presence of the UN Deputy Secretary General Dr. Asha-Rose Migiro.

“Beyond the seriousness of the real estate crisis and the economy, we must not overlook the effect on the social dimension of people’s lives. It is now all the more imperative to strengthen the global partnership for achieving the internationally agreed development goals”. This warning, from the Deputy Secretary-General Asha-Rose Migiro, was given at a seminar on the real estate and financial crisis organized by the United Nations Economic Commission for Europe (UNECE), its Real Estate Market advisory group (REM) and the International Real Estate Federation (FIABCI), held on 16 December in New York.

Affordable housing remains a critical issue, with many countries still lagging behind in terms of providing basic housing services. There is a need to address global markets and global imbalances related to real estate, which includes a better mobilization of domestic resources. Warnings have been given concerning the use of foreign capital for housing and its unpredictability. Better, smarter and increased regulation should be part of any new real estate deal. The dangers of sub-prime mortgages were already highlighted in the 1990s; nevertheless, little was done. Bubbles were fuelled by bad policies. To avoid the same mistakes in the future, the experts concurred that stronger and more effective monitoring of the markets, combined with greater accountability, is absolutely essential.

The experts also agreed that a collaborative system to supervise enterprisers – comprising private and public stakeholders, a greater role for government and improved international coordination – was needed. According to Deputy Secretary-General Migiro, “it has become apparent that the housing sector needs to take into consideration the broad spectrum of stakeholders with which it interacts – not only the institutions providing financing, but also the people who are purchasing the houses”.

In closing the seminar, Paolo Garonna, Officer-in-Charge of UNECE, emphasized that the political landscape now seems ready for change and that the post-carbon economy offers opportunities for renewed housing and real estate policies as well as for enhancing transparency of the system. A well-motivated regulatory system and promoting practical cooperative arrangements in practice, such as private-public partnerships, will also promote sustainability in refurbishment and construction, and help make housing more affordable for all.

The relevant UNECE committees are well placed and already actively providing concrete policy tools to their member States. In particular, practical advice for countries on the real estate crisis will be developed by the Real Estate Market advisory group, which will organize a conference in late March in Rome to discuss a set of

Dr. Migiro, UN Deputy Secretary-General, Mr. Ken Brown, editor of The Wall Street Journal and moderator of the event, and Mr. Paolo Garonna, UNECE Deputy Executive Secretary.

BUILDING WITH WOOD TO COUNTER CLIMATE CHANGE, by Robert Beauregard

According to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), the construction and use of buildings are the cause of roughly 40% of greenhouse gases (GHG). This high percentage of GHG emissions in the built environment sector forces us to rethink not only how we design our buildings, but also how we choose the building materials.

Wood is the most eco-friendly building material. Through the process of photosynthesis, a growing tree absorbs CO2 from the atmosphere, sequesters the carbon (C) in the wood and releases the oxygen (O2) back into the air. Wood is a complex chemical compound and half of its dry weight (oven-dried) is composed of carbon atoms. This carbon remains in the wood even after the tree has been harvested or turned into a secondary product. It is therefore an accepted fact that the use of 1 m3 of construction lumber allows the removal of 0.9 tonne of CO2 from the atmosphere. Furthermore, lumber manufacturing requires less energy and is far less polluting than the manufacture of other materials such as steel or concrete. If these materials were substituted with wood, CO2 emissions would be cut by up to 1.1 tonnes depending on the case. The IPCC acknowledges that the production of wood to replace concrete in construction is a tangible contribution to reducing GHG.

To be considered “green,” buildings must be carbon neutral, or have a zero carbon footprint, at each stage of their life cycle. The life cycle assessment is a performance-based method that serves to evaluate a building’s environmental impact. The life cycle assessment quantifies the general environmental impact of a product, process or activity during its lifetime. This includes, among other things, the extraction, manufacture, distribution, installation, use, maintenance, disposal or re-use of materials. Consequently, the three energy components related to the life cycle of a building are embodied energy, operating energy and disposal energy. Embodied energy is the energy related to manufacturing and using the materials when the building is erected. For comparison purposes, a beam designed to support a permanent load of 75 kg/m and an operating load of 300 kg/m over a span of 7.5 m will cause the emission of 101 kg of CO2 if it is made of steel, 76 kg if it is made of concrete and 6 kg if it is made of wood. Moreover, this same wood beam represents a carbon stock of 101 kg of CO2 for the building’s lifetime.

Operating energy is, generally speaking, the most important component in a building’s life cycle. A building’s heating and air conditioning often represent over 85% of all energy associated with the building. This component is directly linked to its energy efficiency. The ultimate goal for a green building is to be a passive house, or a construction that does not consume energy from a distribution network. The thermal conductivity of steel and concrete is respectively 500 and 7 times greater than that of softwoods. Several passive houses in Europe are made of wood.

Ideally, once a building reaches the end of its life cycle, it would be given a second life with a new vocation by reconfiguring its components. It has also become more commonplace to reuse wood materials, which often consist of structural and covering elements salvaged from old buildings. Lastly, if the building is made of wood, its components can be burned in high-efficiency central heating units. This contributes to substituting fossil fuels by a carbon-neutral source of energy.

ADDRESSING HOUSING DEGRADATION IN THE RUSSIAN FEDERATION, by Anna Badyina

Anna Badyina is a Doctorate Student in Urban Geography at the University of Oxford.

Данный раздел рассматривает подходы к проблеме деградации жилищного фонда в Российской Федерации (ветхого и аварийного жилья), которая в настоящее время является одним из приоритетов государственной политики. Дана оценка эффективности реализации существующих решений. Данные вопросы рассмотрены с целью повышение осведомленности в странах с переходной экономикой, в которых проблема жилищной деградации в условиях складывающегося рынка является новой, так как в прошлом государство гарантировало и предоставляло жилье и основные объекты инфраструктуры.

The article focuses on policies to address the state of degradation of the housing stock in the Russian Federation, which has recently become a national priority. The capacity of existing solutions is evaluated. The article’s objective is also to raise awareness in transition countries.
in which addressing housing degradation is a novelty, because in the past it was the state that guaranteed and was responsible for providing housing and basic infrastructure.

A large share of housing in Russia today is in poor conditions, as centralized housing maintenance was disrupted in the early 1990s with no good-working alternatives provided. The new owners of privatized housing units have limited control over their assets and authorities continue controlling land and communal infrastructure of their houses; unclear responsibilities about housing maintenance add to housing shabbiness. The 20% of the housing stock, which remains municipal, typically does not have access to good services and utilities and drives towards ‘slumification’. It was estimated in 2007 that about 40% of the Russian housing stock needed major refurbishment. While 98 million sq. m were registered as degrading (3.2% of the overall stock), the real scale of the problem is not clear as many Russian regions do not register the problem stock.

Decrepit and unfit housing stock across the Russian regions ('slumification'), thousands sq.m (2007)

Limitations
A number of concerns about the effectiveness of the initiative have been raised. This top-down market-based solution does not embrace different regional, social and economic situations but only regions and residents that are already well-off. The largest funds are allocated not to the regions with the biggest housing stock in poor state but to those with the biggest overall housing stock. The established 13 criteria have reduced access to the funds for the most deprived regions and citizens that are not able to co-finance repairing and relocation, while it is they who have the worst housing conditions in need of the largest investment. Establishing and operating a homeowners association is extremely bureaucratized that homeowners are forced to choose housing managers that are ‘recommended’ by municipalities. Manager organizations consequently receive money from the Foundation. All these lead to the monopolization of the housing and utility market, and to increased fees for unprofessional services. Removing cross-subsidies that support low-income groups, risks commercializing housing and utility services and leads to further problems for the low income groups.

Integrating citizens
Policies should support housing movements that have now been established in about 40 Russian regions. These grass roots organizations call for respecting constitutional rights to housing, and clear rules and direct control over the reform that affects residents’ lives. A productive dialogue between authorities and the residents has yet to happen. The problems include a lack of trust in the State apparatus and appointed officials, low capacity for collective actions, and conflicts between homeowners with different socio-economic status living in same multi-family housing buildings. The ‘Housing Strategy’ organization has recently been created to enhance the capacity of citizens, small and medium businesses in the housing and utility sector and to establish competitive environment for the housing and utility services. Furthermore, the development of a non-profit housing sector is now being discussed. This would allow addressing the problem of resettlement from unsafe housing.

Existing solutions
A R240 billion fund has been approved for the period 2007 to 2012 to deal with housing degradation and resettlement in Russia’s regions, following the 2007 Law on the Foundation for Assistance in Reformation of the Housing and Utility Sector. In November 2007 a special Foundation was established to distribute these funds among the regions. To receive the funds, the Russian regions must meet 12 eligibility conditions and in addition, the residents must provide a 5% matching fund for repairing works. The criteria are mainly concerned with the regional capacity to establish a market for the housing and utility sector and include inter alia:
- co-financing of the repairing works;
- establishment of homeowners’ associations;
- availability of private utility services providers;
- availability of private housing services providers;
- removal of cross-subsidizing and the introduction of different tariffs for different income groups.

Photo: Strunina N, Moscow, 2009

Photo: www.lkd.ru

VITAL SPACES NEWSLETTER
UNCE HOUSING AND LAND MANAGEMENT
MICRO-MORTGAGES FOR POOR: A CHANCE?
A home for the working poor: from the financial crisis a challenge for development,
by Enrico Campagnoli

From the ‘ashes’ of the ‘toxic’ financial products which have triggered the financial crisis, new, safer and socially oriented financial products backed by micro-mortgages could rise to support homes for the working poor in developing countries.

This is for instance the case of last year’s initiative in Latin America of the Global Housing Foundation. This initiative which also helped to limit the impact of the crisis could be extended to Europe as well. Safe and socially oriented financial products, backed by RE properties, are one of the elements discussed within the UNECE WPLA Real Estate Market Advisory Group (REM) workshop to be held in Rome on 3-4 June 2009 at Tempio di Adriano, organized by Tecnoborsa, in cooperation with International Real Estate Federation (FIABCI) to minimize the effects of the crisis.

The initiative that Global Housing Foundation (GHF), a non-profit organization, launched last year before the financial turmoil in partnership with UN-HABITAT and Merrill Lynch to give thousands of homes at working poor in Central America, will be discussed as an effective tool that could continue to minimize the effects of the financial crisis and to boost confidence again in the market. The GHF mechanisms will be analyzed to assess how they could be adapted to a UNECE context.

"Working with UN-Habitat, local governments and other partners, the Global Housing Foundation will attempt to source suitable construction locations in each of the target communities. The Foundation will then identify and pre-screen qualified local developers and local lending institutions in each community. Partner local banks and lending institutions will make loans to finance low-income housing (within the range of $5,000 to $18,000). Following an appropriate agreed seasoning period and appropriate due diligence, Merrill Lynch will purchase a majority stake in these pools of performing loans, at fair market value, and will then use its global distribution platform to syndicate that risk into the market. UN-Habitat, within its mandate on Experimental Reimbursable Seeding Operations, mobilizes grant resources to provide credit guarantees on the portfolios on a 1 to 4 ratio to kick-start the process. It is envisioned that a $50 million guarantee loan to the Foundation will facilitate up to $200 million of financing by Merrill Lynch. Local developers build the homes on an agreed profit basis and local banks provide the loans. The local banks qualify the home purchasers, originate the micro-mortgage and service the loan even after it is sold. Most of the local banks that originate the loans also provide the developer with the construction financing for the development. Once the originating bank pools $1 million of loans and seasons them for one year, they are eligible to participate in the Merrill Lynch financing programme. The homes are designed to meet a minimum standard for housing in each locality and contain a bathroom, kitchen, individual rooms, clean running water, a septic system and electricity. Families currently living in slum areas will be selected on the basis of their qualifications to repay the micro-mortgage. Priority will be given to women-headed households. Those getting the

mortgages can be teachers, nurses, taxi drivers or others who until now have not had a source of long-term financing to purchase a basic house and rise out of the slums. The initiative is focused on this segment of the slum dwellers, those who live in overcrowded temporary shelters and lack security of tenure, safe drinking water and adequate sanitation.“  Mr. Ban Ki Moon, UN Secretary-General.

The Global Housing Foundation Europe has recently opened an office in Ireland to expand in 2009 the GHF initiative to Europe. The financial turmoil changed the face of the financial world. Merrill Lynch is now part of Bank of America, also highly affected by the crisis. Can a socially oriented financial product, backed by Real Estate properties with low RE risk (rating) and an appropriate ratio Value to Loan, gain the confidence of a stressed market, help thousands of working poor to gain access to home and to be at the same time a stabilization factor for the market? This is the challenge ahead that can only be partially addressed by GHF.

The United Nations Economic Commission for Europe, Environment Housing and Land Management Division and UN-HABITAT Warsaw Office, have made an agreement to contribute to their programme of work, with the overall objective to complement each other and to mutually benefit from synergies.

In particular ECE and HABITAT agreed to develop joint activities based on expert advise and on the implementation of policy oriented activities. During the first year the two organizations have already identified some activities which could benefit from mutual collaboration. For example UNHABITAT secretariat will participate in the launching events of the UNECE Country Profile of Georgia and Belarus. Furthermore both organizations will involve their constituencies in the participation of UNECE and UNHABITAT events such as in practical oriented workshops and capacity building activities on housing, urban planning and land administration to enhancing regional, national and local capacity to implement human settlements policies, strategies and programmes.

Finally an International Summer School is foreseen to take place in July 2009 in cooperation with Institute of Urban Development, Cracow with special focus on young professionals from Eastern and Southern Europe. UNECE is looking into the possibility to have a young professional from the secretariat to participate in the School (depending on availability of funds), and also to help disseminating/promoting the event among its member States.
WHAT’S NEW:

AT THE SECRETARIAT: OUR NEW STAFF MEMBER

Jakob Krupka has been working for the UNECE since January 2009 as a Junior Professional Officer (JPO) acting as a Capacity Building Officer for the Housing and Land Management team. His main tasks involve the preparation of Country Profiles for the Housing Sector and issues related to energy efficiency in the urban context, particularly in the EECCA region.

Jakob has worked as an architect in Oslo since 2007 specializing in large scale housing projects and land use regulations in the Oslo area. Prior to working in Oslo, he worked at the UNDP office in Poland coordinating the National Human Development Report 2006 for the country.

Jakob is from Norway. He completed his studies in Architecture in Berlin, Germany where he lived from 2001 until 2007.

Jakob can be contacted by email at: jakob.krupka@unece.org.

ANNOUNCEMENTS:

UNECE ANNOUNCES THE FIRST WORKSHOP ON ENERGY EFFICIENCY IN HOUSING

(Sofia, 21-22 April 2009)

The first UNECE Workshop on energy efficiency in housing will take place in Sofia on 21 and 22 April 2009 and discuss specific challenges and opportunities for the UNECE region. The aim of the workshop will be to provide UNECE member States with policy guidance and suggestions on how to increase energy efficiency in the housing sector. The workshop will review the economic, social and environmental impacts; consider current policies, solutions and barriers to effective policies; and discuss the priorities that need to be addressed by Governments. The workshop’s audience will include national and regional government representatives, business practitioners, academic experts and other professionals.

For more information on the workshop, and to view the programme and register, please visit the workshop website: http://www.ee-housing.com

UNECE WPLA WORKSHOP

“Experiences with data management to improve land administration in UNECE countries”

(Sofia, 23-24 April 2009)

The workshop on “Experiences with data management to improve land administration in UNECE countries,” to be held in Sofia on 23 and 24 April 2009, will address specific challenges and opportunities related to data management. Participants will discuss policy guidance and develop advice on how to upgrade land administration systems through improved spatial data infrastructure. The workshop will also review a plan to reform the cadastre and registration systems in Bulgaria, as lessons learned there are relevant for other countries in transition. New practices and technological applications for the establishment and maintenance of land administration data will also be discussed. Other issues will include the roles of State and private actors in the funding of information maintenance, and the obstacles and benefits of public access to information on land and real estate assets.

For more information on the workshop, and to view the programme and register, please visit the workshop website (http://www.cadastre.bg/RegForm.html).

UNECE WORKSHOP ON HOMELESSNESS

(Oslo, 18-19 May 2009)

Programme:
The Norwegian Minister of Regional and Local Government and UNECE are pleased to announce the workshop on “Homelessness” that will be held in Oslo on 18-19 May 2009.

The workshop consists of three plenary sessions covering:

- The extent and manifestation of homelessness in different parts of the ECE region;
- How homelessness is connected to social housing politics;
- Policy means and strategies to prevent and fight homelessness of different manifestations, types and causes.

A former Under-Secretary-General in the UN Jan Egeland will deliver a keynote speech on “Fighting for social justice during the economic recession”, and a former homeless will talk about his role in fighting homelessness.

Speakers from Azerbaijan, Belgium, the Czech Republic, UK, Finland, Germany, Hungary, Italy, Norway, and Russia will also deliver a presentation at the workshop.

Country report on homelessness

Prior to the workshop, a questionnaire will be sent to the Ministries of Housing of each ECE country with an invitation to present their homelessness situation and experiences in fighting and preventing homelessness. A summary of the presentations will be made and delivered at the workshop as an overview of the homelessness situation in the ECE countries.
Homelessness in the ECE region
The UN Declaration of Human Rights, article 25, says that everyone “...has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services”. Homelessness is a severe state of deprivation of one of these basic needs.

As was stated in the Ministerial Declaration on Social and Economic Challenges in Distressed Urban Areas in the UNECE Region adopted at the 67th session of the UNECE’s Committee on Housing and Land Management, the failure to establish a political, economic, social and physical environment conducive to a stable and adequate standard of living for all inhabitants of a country may contribute to higher societal costs, political instability; urban insecurity; ethnic conflicts; problems related to migrants, refugees and displaced persons; and the increase of marginalization of groups in society and homelessness.

The composition of the homeless population in a country is changing continuously. Some homeless have access to housing while new households lose their homes. Because of this, homelessness cannot be fought solely with shelters and crisis relief. Preventing new households from becoming homeless requires a comprehensive social housing policy that is able to secure adequate housing for all.

Homelessness has many different manifestations so fighting it is a challenge for the whole ECE region. There are no easy and rapid solutions to this challenge. Therefore, the exchange of information on the homelessness situation in each country and the sharing of experiences and problems encountered in working to end it are beneficial.

Recommendations to UNECE
At the end of the sessions, the participants in the workshop will have the opportunity to propose recommendations on the work of UNECE to end homelessness. We encourage the participants to send in their proposals before the start of workshop.

Want to stay in Norway for another day?
To those who would like to come to Norway before the day of the workshop please be aware that 17th of May, is the Norwegian national day so there will be celebrations all over the country. The children have parades and all Norwegians leave their homes and meet in the centre of the cities or their villages to celebrate. In Oslo this parade is held from 10pm to 1am.

Practical information
The workshop will take place in Hotel Opera situated in the Centre of Oslo close to the Central Station and the new Opera House. You can book this hotel in your registration to the workshop.

You will find the registration form, the programme and presentation of the speakers at www.housingbank.no/homelessness2009.

Please contact Una Svamo at una.svamo@husbanken.no, tel +47 32262659 if you want more information about the registration or Gunnar Sveri at gunnar.sveri@husbanken.no, tel +47 3226 26 92 or mobile +47 95 92 1400 about the programme.

ENHR CONFERENCE 2009
“Changing Housing Markets: Integration and Segmentation”
(Prague, 28 June – 1 July 2009)

The next international ENHR Conference will be held in Prague from 28th June to 1st July 2009 and is organized by the Institute of Sociology of the Academy of Sciences of the Czech Republic together with the Charles University in Prague Faculty of Science and University of Economics in Prague Faculty of Economics and Public Administration.

The conference theme is “Changing Housing Markets: Integration and Segmentation”. The role and “power” of housing and mortgage markets are changing quickly around the world, especially by the increasing influence these markets have on the wider economy and sustainable development of many societies (social cohesion). The integration and segmentation of housing markets are two sides of the same coin. While market integration is following the globalization of financial flows the rising popularity of residential investments in abroad or capital pooling in the field of building materials production and housing development; increasing income inequalities, the worsening of housing affordability, ethnic segregation, social exclusion and new poverty are mostly cited to be behind growing market segmentation.

Do we need new paradigm to enable a better understanding of changing housing markets?

Have traditionally local housing markets become global?

Will record house price appreciations be followed by record price falls?

How should we deal with the consequences of income polarization and housing market segmentation?

BSHF WORLD HABITAT AWARDS 2009
“Call for Entries”

The World Habitat Awards were established in 1985 by the Building and Social Housing Foundation as part of its contribution to the United Nations International Year of Shelter for the Homeless.

Two awards are given annually to projects from the North as well as the South that provide practical and innovative solutions to current housing needs and problems. An award of £10,000 is presented to each of the two winners at the annual United Nations global celebration of World Habitat Day.

The World Habitat Awards were established to identify and promote examples of good housing practice. The concept of identifying good practice was virtually unknown in 1985 and the Awards were originally intended to run for only three years. Given the positive response, BSHF decided to carry on running the competition and more than twenty years later, the World Habitat Awards continue to go from strength to strength.

Over the years a wide range of excellent housing projects have been identified in countries of both the North and the South. These projects address a wide range of housing needs and come in all shapes and sizes. From the very beginning the emphasis has been not just on identifying the good examples of housing practice, but also on sharing this knowledge and experience with others who can use it in their own situations. The first international study visit to a World Habitat Award winning programme took place in 1987 and these annual visits have continued ever since.

Previous winners and finalists have been selected from several UNECE member states.

Details for entry to the completion can be found at www.worldhabitatawards.org.

Entries must be received by 01 June 2009.

First winning projects of the World Habitat Awards - 1986:

Batikent Project, Ankara, Turkey.

The Batikent Project provides 50,000 dwelling units on a cooperative basis to lower and middle-income groups.

Sonatala Milan Sangha, West Bengal, India.

Sonatala Milan Sangha is a voluntary self-help organization that has operated in Udaynayaranpur in West Bengal since 1935.

WORKSHOP AND ANNUAL MEETING OF FIG COMMISSION 3
“Spatial Information for Management of Sustainable Urban Areas”
(Mainz, 2-4 February 2009)

The workshop and annual meeting of FIG Commission 3 on “Spatial Information for Management of Sustainable Urban Areas” was held in Mainz, Germany on 2-4 February 2009. The workshop addressed the importance of modern spatial information technologies to achieve good governance and sustainable urban growth. In the context of the present world economic crisis, the discussions emphasized how advanced tools (such as geo-sensor networks) could improve environmental sustainability of cities. It was also referred that the number of persons living in informal settlements is in some cases underestimated by public authorities, which should call the attention for urgent institutional reforms.

For more information on the workshop, please visit the workshop website (http://www.i3mainz.fh-mainz.de/FIG-Workshop/).

Workshop delegates.

A NOTE ON THE COORDINATOR:

Inputs to this newsletter are coordinated by Ms. Cecilia Batac.

Cecilia has been with the UNECE for nearly seven years now. She is the Statistics Assistant for the Housing and Land Management team. She is involved in the preparation of the Country Profiles on Housing and Land Management Reviews doing research, analysis and writing for these publications among her other tasks.

For any queries regarding the newsletter, you can reach her at Cecilia.Batac@unece.org.

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