

## INTRODUCTION

In many ECE countries housing sector reform is a permanent issue for internal policy debate. Prominent examples of recent government initiatives for assessing ends and means of housing policy in a market economic framework confirm continued public interest in this topic. National Governments are concerned about the performance of this sector, its contribution to economic development, its role in social policy, its impact on public budgets, the environmental consequences of settlement patterns and the quality of the dwelling stock.

National housing markets have different cultural traditions, preferred construction technologies, stringency of regulations, rates of owner occupancy, levels of subsidies and degrees of decentralization of political responsibilities. Furthermore, housing policy is always closely related to and depends on other policy sectors such as the general legislative framework and the tax system. Thus, comparing housing sector performance across borders and deriving policy advice from this are major challenges.

In the ECE region, countries in transition are undergoing an unprecedented change in their legal, economic and social fabric, which also affects the housing sector. Consequently, when designing a completely new framework for housing policy at the national and local level, their Governments are looking for "models" in market economies which may be applicable or adjustable to their specific needs. In most cases, bilateral cooperation deals only marginally with housing policy and, where it does, approaches and proposed solutions tend to be biased to the national experience.

Improving the performance of the housing sector is, for several reasons, an important factor in the success or failure of the ongoing transition process in central and eastern Europe:

(a) **For economic reasons**, as 7-18 per cent of gross national product (GNP), according to the World Bank Shelter Sector Study, is related to investment and services in the housing sector. Management and performance of the housing sector thus have a major influence on overall national economic performance;

(b) **For social reasons**, as housing is a basic human need requiring a certain degree of government involvement;

(c) **For environmental reasons**, as the integration of the economy and the environment must include the housing sector and related State and local decision-making in order to reduce the consumption of resources, especially energy, water and land; and

(d) **For political reasons**, as success or failure in housing policy is directly felt by the majority of the

population, who tends to blame the new economic and political system for shortages, lack of services, the breakdown of housing production and other difficulties occurring in the transition process.

In order to make maximum use of the information provided, the Country Profile project should become a tool for:

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

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

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

(d) Setting public-sector priorities for immediate action; and

(e) Harmonizing individual projects with long-term strategies in the housing sector.

It is of primary importance that the Country Profiles are produced in a manner which ensures maximum practical usefulness of the results for all interested parties. Therefore, the work is aimed at clearly defining positive and problematic elements with regard to both overall policy and its implementation, including probable social and economic consequences for the major participants in the housing sector.

Housing policy is an integral part of market economies and there is a definite need also for the countries in transition to provide decent housing and social protection to needy households. Besides this social policy objective, the housing sector can be used as a major vehicle for economic growth and development, a major factor in job creation and a source of additional income for the national budget. To this end, there is a need for adequate governmental action on the basis of a coherent and comprehensive housing reform concept. For such a housing concept to be put into practice, the main features of transition and the different functions performed by the housing sector must be understood. The key issues should be identified and, on this basis, goals and priorities can be set. To achieve such goals, different strategies can be implemented.

Those in charge of elaborating and implementing housing concepts can learn from the experience of other countries in transition. While until now much advice has

come from western countries, little exchange of information and experience has taken place among countries in transition in order to learn how others are tackling almost identical problems. Combining successful models from developed market countries with experience from other countries in transition and adapting this sum of international experience to national characteristics, should yield maximum benefits.

A good methodology is needed to identify the transition problems and to compare the problems of different countries. The right questions should be asked and the proper indicators should be used. To describe and analyse the performance of the housing sector, qualitative

and quantitative indicators can be used. To acquire better insight into processes, time series of data should be provided if possible. In certain cases it would be necessary to break down the data according to income groups or regional factors.

To prepare and evaluate good policy suggestions for improving the transformation of the housing sector from a subsystem of the planned economy into an important component of a market-based economy, and for a proper understanding of the transition process and the function of the housing sector in it, the programme element "Country profiles on the housing sector" should be a valuable instrument.