



Social housing in transition countries – a need for innovations

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Public housing does not mean social housing...

Before 1990 in socialist states:

- ➔ no special definition of social housing;
- ➔ the right to housing for all citizens was guaranteed by the state;
- ➔ system tried to make housing a pure public good and liquidate private property – expropriations, regulations, mass public housing construction;
- ➔ position of the state (state company, municipality) as landlord is a distortion - *quasi-homeownership*;
- ➔ characterized by unskilled management, bureaucracy, free-riding, low-quality construction, under-maintenance, huge inefficiencies, illegal practices, clientelism, corruption.



and, therefore, it was soon given away...

- ➔ “The surest and most efficient way to restore housing market equilibrium without creating additional distortions during the transition is to unwind totally the socialist housing legacy by eliminating all housing subsidies and the taxes that finance them and giving away the existing stock...equity concerns are not a legitimate obstacle to rapid market reforms” (Buckley et al. 1995, pp. 74-75).
- ➔ Right-to-buy policy was quickly applied - no discussion about the long-term risks from super-homeownership model; no or biased discussion about equity consequences;
- ➔ Why? Governments tried to retain „housing privileges” and use housing as „shock absorber” – privatization of public flats into the ownership of the tenants at very low prices or at no cost;
- ➔ Few exception (Poland, Czech Republic) BUT preservation of conservative form of rent control and strong tenant security → municipalities unable to introduce effective way of managing the housing stock and saw the sale of public housing as a good way of getting rid of this unwanted gift from the state (in CR about 70-80% of public housing has been already privatized).



Equity consequences

- ➔ The discussion about equity consequences was neglected or biased – the regressive character of the wealth redistribution resulting from give-away housing privatization was found only in recent papers.
- ➔ Those left outside the give-away privatization (often poorer households) were the real 'losers' in these changes; they were often forced to move out from attractive locations.
- ➔ Disappearance of public housing made also extremely difficult to find affordable rental housing for new households in need, especially when they face some form of discrimination on the market.
- ➔ During later years the process of social and spatial segregation accelerated, social mix is gradually substituted by social segregation.



New social housing policies?

- ➔ The governments only occasionally introduced new supply-side subsidies which were often after several years of operation abolished or reduced due to their low efficiency.
- ➔ If defined at all, social housing is in post-socialist countries understood as a low-quality residual public housing for the poorest part of society, often spatially excluded.
- ➔ This limited perspective leads to amplifying the social exclusion processes rather than reducing them.
- ➔ Necessity to search for new social housing schemes.



Solution?



Trends in social housing

- ➔ New forms of social housing should not repeat the mistakes of the past - bureaucratic public housing management, inefficiencies in housing construction, housing consumption, interference of politicians, abuse, corruption, long waiting lists, „battle with the market“, passive behaviour of households, limited offer and, especially, spatial and social segregation.
- ➔ Recently, social housing gets the form which is hardly generalizable into one simple approach; it includes range of programmes, range of landlords and range of tenures.
- ➔ The main goal is the social inclusion, legitimate targeting, efficiency towards scarce public sources and market-friendly face.
- ➔ The concept is characterized by flexibility, variability, innovations, change. The new social housing forms increase the responsibility of eligible households but also give them more choice.
- ➔ **The imperatives of giving choice and having higher respect for preferences of target population support the sustainability of social housing schemes.**



An example

The concept of social housing for households, who are disadvantaged at housing market and cannot find affordable, qualitative standard and spatially non-excluded long-term rental housing.

➔ Two groups:

- » First group – households with sufficient competence for maintaining long-term rental housing;
- » Second group – households that need the competence training.



First group and second group after training - system of guaranteed housing

➔ Assuming that ...

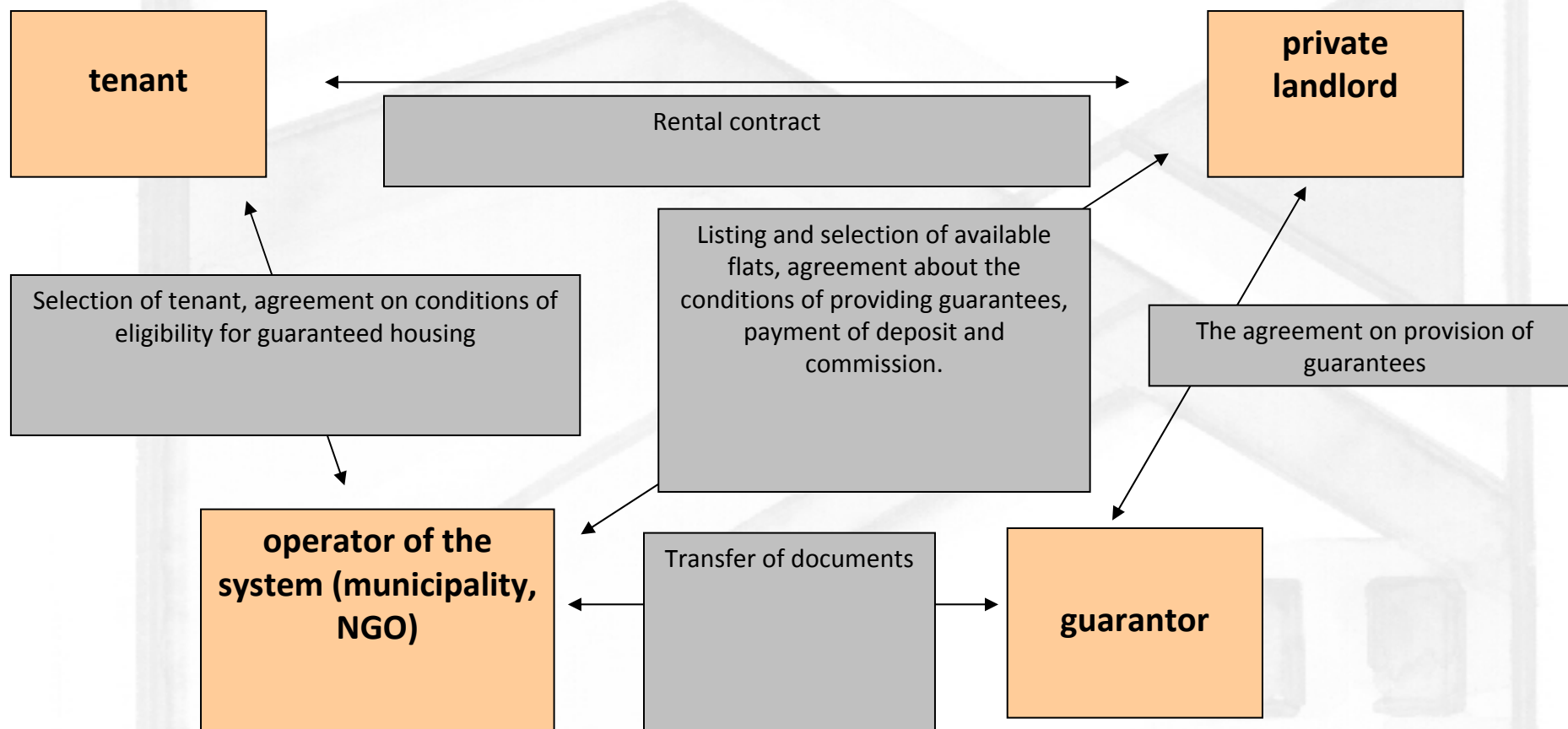
- » Private rental housing forms probably the main part of rental housing stock;
- » Housing policy was skewed toward homeownership till now – this imbalance produces social and market risks;
- » The success rate for re-integration of households is extremely low because of lack of available long-term rental housing for target group;
- » There is no sign of physical shortage of housing – the focus on existing housing;

➔ In consequence ...

- » Guarantees provided to private landlords covering the main risks relating to tenancy – rent arrears, damages, costs of judicial proceedings;
- » Private landlords will offer long-term contracts for target households – the tenants will register flats as their primary residence and get housing allowance;
- » Suitable flats and target households are selected by operators of the system – municipalities and NGOs – they pay also deposits and assure field work in case of default.



System of guaranteed housing



Advantages

- ➔ For operators faster and cheaper solution for provision of housing to target group than new construction;
- ➔ Provision of spatially non-excluded housing;
- ➔ Provision of long-term rental contracts for households discriminated on housing market;
- ➔ Increasing importance of rental housing, and private rental housing especially, in the housing system;
- ➔ More active operation of NGOs in provision of housing in post-socialist states;
- ➔ Risk disintegration;
- ➔ Market friendly face, in future eventually with no state involvement (commercial insurance product, like in France and other countries).



Thank you for your attention!



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