



Ministry for Spatial Planning and
Environment of Montenegro
www.mse.gov.me



Montenegrin Fund for
Solidarity Housing Development
Podgorica / Montenegro
www.cfssi.me



Institute for Real Estate Construction
and Housing Ltd., Vienna/Austria
www.iibw.at

Conference “Western Balkan Social Housing Initiative” on 8/9 July 2010 in Montenegro / Hotel Podgorica / Podgorica

CONTENTS

Rationale	2
Organizers	2
Program	3
Significance of the “Western Balkan Social Housing Initiative” by Wolfgang Amann	4
Conference „Western Balkan Social Housing Initiative“ – Summary Note by Walter Schwimmer	6
Participants	8
Presentations	10

RATIONALE

- a) The Montenegrin Fund for Solidarity Housing Development (CFSSI) as best practice model for other SEE countries.
- b) Three pillars to establish affordable (rental) housing:
 - a sound legal framework (PPP housing),
 - a financial model (H!FACT financing) and
 - an institutional setting (social partnership model).
- c) The social partnership model of CFSSI, with the Government of Montenegro, the Confederation of Trade Unions and the Federation of Employers as shareholders, is a most promising approach for an institutional setting to establish affordable housing. Similar models have been starting points for PPP housing schemes in many Western European countries.
- d) The scheduled conference shall bring together representatives of trade unions, federations of employers and governments of some 6 Balkan countries.
- e) CECODHAS, the European Liaison Committee for Social Housing, is most interested in acquiring new member organizations in SEE countries and will be represented at this conference. CECODHAS represent all European national social housing organizations on a European level (www.cecodhas.org). New EU member and candidate States are presently underrepresented as after transition social housing was no political focus in those countries. The Western Balkan Social Housing Initiative may change this.
- f) The scheduled conference may be a starting point in building up social landlords in other Balkan countries similar to CFSSI, to establish national umbrella organizations and to represent those sectors within CECODHAS on a European level.

ORGANIZERS

- Montenegrin Fund for Solidarity Housing Development (CFSSI)
Contact persons: Boris Mihailovic, executive director
Biljana Brnovic, assistant
T: +382 20 245 361, boris.mihailovic@cfssi.me, biljana.brnovic@cfssi.me
- Institute for Real Estate Construction and Housing Ltd.
Contact person: Wolfgang Amann, director
T: +43 1 968 6008, amann@iibw.at
- Ministry for Spatial Planning and Environment of Montenegro
Contact person: Marko Vujović, Deputy Minister
marko.vujovic@gov.me

Venue:

- Hotel Podgorica, Bulevar Svetog Petra Cetinjskog 1, Podgorica.
www.hotelpodgorica.co.me, Tel/fax: +382 20 402 500, repcija@hotelpodgorica.co.me.

PROGRAM

Thursday, 8 July 2010:

- 14:00: Opening of the conference
 - Welcome addresses:
Branimir Gvozdenović, Minister of Spatial Planning and the Environment
His Excellency Martin Pammer, Ambassador of Austria
Pedrag Mitrovic, President of the Montenegrin Employers Federation
- 14:40: Block 1 – Political Significance:
 - Danilo Popovic, President of Board of Directors of CFSSI, representative of Montenegrin Federation of Trade Unions: Political framework of the establishment of CFSSI.
 - Claire Roumet, Secretary General of CECODHAS: EU Policies and Housing. Current Challenges and Opportunities.
 - Introduction of participants. Country reports on social housing in the participating countries.
 - Discussion.
 - Chair: Wolfgang Amann, IIBW
- 21:00: Evening reception at Hotel Podgorica.

Friday, 9 July 2010:

- 9:30: Block 2 – financial and regulatory framework:
 - Boris Mihailovic, CFSSI Executive Director: Financing of CFSSI housing.
 - Wolfgang Amann, IIBW, Director: 3 cornerstones to establish social rental housing – sound legal framework / specific financing tools / capacity building
 - Sergii Yampolskyi, UNECE, secretary to the Committee on Housing and Land Management: UNECE support of social housing.
 - Damir Pahić, UNECE, chairman of the Working Party of Land Administration: UNECE WPLA – The View on Social Housing.
 - Jan de Vletter, DIGH – Dutch International Guarantees for Housing, (former) director of housing association in new town Almere: DIGH financing for affordable housing.
 - Robin Comanne, Housing Matters: Why Housing matters.
 - Panel-Discussion on possible next steps.
 - Walter Schwimmer, IIBW, former Secretary General of the Council of Europe: Summary note.
 - Chair: Marko Vujović, Deputy Minister
- Afternoon, 14:00:
Study tour, visit of housing projects of CFSSI: Podgorica, Cetinje, Budva (Nikšić).
Meeting point is in front of Hotel Podgorica.

SIGNIFICANCE OF THE “WESTERN BALKAN SOCIAL HOUSING INITIATIVE”

by Wolfgang Amann

The conference – a Western Balkan Social Housing Initiative – was a joint effort of CFSSI, IIBW and the Ministry for Spatial Planning and Environment of Montenegro. Representatives of five Western Balkan countries, another three CEE countries, several Western European countries and international organisations (UNECE, CECODHAS) followed the invitation to discuss about perspectives of the new PPP Housing approach in Montenegro.

Targets of the conference were

- firstly to initiate institutional links to social housing sectors in Western Europe and particularly to connect CFSSI with CECODHAS, the European Liaison Committee for Social Housing, and
- secondly to initiate the application of similar approaches to neighbouring countries.

The new approach of CFSSI to establish affordable (rental) housing was defined with three pillars:

- a) a sound legal framework (PPP housing),
with the new Housing Law, the recommended PPP Housing Legislation and the CFSSI Statutes,
- b) a financial model (H!FACT financing),
to be described as structured financing, including building land and infrastructure free of charge (contribution of municipalities), own equity (contribution of shareholders), contributions of member companies, cross subsidising and low interest loans of International Financing Institutions (DIGH, CEB), and
- c) an institutional setting (social partnership model),
with the Government of Montenegro, the Confederation of Trade Unions and the Federation of Employers as shareholders of CFSSI. Similar models have been starting points for PPP housing schemes in many Western European countries.

The conference had several concrete outcomes:

- The establishment of a Western Balkan Social Housing Network is considered:
The Network may be a regional approach driven by local stakeholders in social housing, newly established social landlords or social partners (Federations of Trade Unions, Federations of Employers, governments) in other countries of the region. It shall transfer knowhow between the members and from Western European best practice. In this function it shall support members in the establishment of social housing organisations in the respective countries, complemented by support in political awareness building and the adoption of legal regulations. A regional approach will help social housing on Western Balkans to be well represented on a European level, e.g. in CECODHAS. Such a regional approach may become a signal towards Europe on growing convergence on Western Balkans.
- Single countries represented at the conference have expressed their interest to establish social partnership models for social housing, following the model of CFSSI. CFSSI and IIBW have expressed their willingness for support.
- Possible CECODHAS initiatives:
CECODHAS was represented by the Secretary General Mrs. Claire Roumet. It represents all European national social housing organizations on a European level. New EU member and candidate States are presently underrepresented as after transition social housing was no

political focus in those countries. It is recommended to CECODHAS to establish a regional group on Western Balkans within its structures.

- Possible UNECE initiatives:

The United Nations Economic Commission for Europe was represented by Damir Pahić, the chairman of the Working Party of Land Administration, Sergii Yampolskyi from the Committee on Housing and Land Management and Wolfgang Amann, presently chairman of REM, the Real Estate Market Advisory Group of UNECE. UNECE may support building up of social housing sectors in the region with organisation of events or the provision or update of country reports, always following invitations from the respective countries.

- Translation of the REM/UNECE “Policy Framework for Sustainable Real Estate Markets”:

The Real Estate Market Advisory Group (REM) of UNECE has currently published these helpful guidelines. Translations in several languages are already on the way. Translation to Montenegrin language would make this document available for the whole Western Balkan as a single language area.

- Regional initiative for a graduate education in real estate:

The real estate and housing sector in all Western Balkan countries is lagging behind. There is evidence in many Western countries that the implementation of respective graduate courses may strongly improve the situation within a relatively short period of time. The implementation of such graduate education will lead to professionalization of the real estate sector. At the same time such an institution may become a focal point of future scientific, economic and political development of real estate sectors in the region.

- Creation of literature:

Previous achievements and further challenges may be strongly supported by scientific examination. International researchers shall be motivated to work on the housing sector in the region, aiming at publishing in referred international journals.

Summing up, this initiative was quite successful. But similar to all successful events, a lot of windows have been opened. The visible perspectives only may come to reality, if many of the involved stakeholders are ready for bolt action.

CONFERENCE „WESTERN BALKAN SOCIAL HOUSING INITIATIVE“ – SUMMARY NOTE

by Walter Schwimmer

It is not an easy task to sum up two interesting days of presentations and discussions, the first day taking stock of the situation at national and regional level and of international tendencies and the second day of turning to concrete actions in the field of this conference.

So I will concentrate on what are the news from this conference. Usually you will be told of good news and of bad news and be offered the choice which you would like to listen first. Fortunately I am in the position to offer you two good news only.

The first good news is that social or affordable housing matters. There is strong interest of the social partners, employers and trade unions as well. Both are interested that their employees or members are able to resolve their basic needs, and housing, to have a roof above one's head, is one of the crucial basic needs. And there is interest of the governments, certainly to a high extent in Montenegro but I am sure that this applies today for other governments of the region too.

Secondly there is in the wider region, from here to Romania or even Slovakia a lack of social housing. You may be surprised that I consider that as good news too. But this lack offers an immense space of improvement and development, and at the same time the chance to learn from best practices as well as from the mistakes and failures of others. To enter with concrete action into the field of social or affordable housing one will take already the first step to a story of success.

Why is there an obvious need for social housing? There are first general reasons which will apply everywhere. Urbanisation, internal as well as external migration and imbalances of population including some demographic developments lead to a lack of affordable housing, sometimes or very often accompanied by a serious decrease of affordability, caused by social and economic developments, such as high unemployment or an increase of low income jobs. This decrease of affordability may also be caused by an increase of real estate prices for various reasons, e.g. in Montenegro the attractiveness of apartments in the coastal area for wealthy foreigners.

But in Central and Eastern Europe as well as in South Eastern Europe we are facing a very special reason too. It is the legacy of the communist and immediate post-communist period. As a reaction to the communist principle of collective property the first democratic governments were confronted with an understandable desire for individual property. So in order to satisfy this understandable desire of the population the new democratic but inexperienced governments implemented wide range programmes of privatization,, in particular for dwellings. As a result of this programmes one can find nearly everywhere a substantial lack of rental dwellings and of course in particular of social, affordable housing.

So the picture we can see nearly in the whole region concerned is that of 90% minimum of condominiums, some times even more, and not enough dwellings for rent in a more and more mobile society. I agree with the figure mentioned in the panel of a desirable amount of rental dwellings of 15 to 20%, of course affordable for those who are in need to rent an apartment.

On the second day we were discussing the tools how to tackle this situation.

According to Dr.Amann, the director of the Vienna based Institute for Real Estate, Construction and Housing, there are several corner stones for social housing.

As already mentioned, there should be a rate of about 15-20% of rental dwellings in each modern society.

We got the information about the Solidarity Fund in Montenegro as a well functioning social partnership between the partners of the labour market and the public represented by the government of the country.

We learned about the possibility of flexible structured financing, such as the Dutch Guarantee Fund DIGH and certainly the Council of Europe Development Bank (CEB) to which all states of the region are members and therefore also entitled to loans under the CEB criteria.

But as a cornerstone or prerequisite there must capacity building happen, in particular through a sustainable legal framework, embedded in national strategy for housing.

So allow me to draw conclusions from our most useful conference:

- There is certainly no copyright on successful models, on the contrary, copies are most welcome.
- In particular the social partnership model of the Solidarity Fund is easy to be copied and adapted to other countries of the region.
- CEB loans such as successfully applied for by Montenegro with the assistance of IIBW will be a sound financing tool for social housing projects.
- Other financing tools such as DIGH from the Netherlands are available too, as also already demonstrated by Montenegro. IIBW, the Institute for Real Estate, Construction and Housing, will be at your disposal if you need assistance and advice in that respect.
- Like in other areas, including the accession to the EU, regional cooperation is the key word for success.
- Regional cooperation has been established in the consequence of the Stability Pact for South East Europe in the frame of the Sarajevo based Regional Council (Secretary General Hido Biscevic). It could be useful to inform SG Biscevic about the conference's results.
- Regional cooperation for social/affordable housing may in the first stage concentrate on the exchange of views, best practices, lessons to be learned from failures and mistakes.
- But regional cooperation should lead to a network of social housing policy and initiatives, maybe in the context of an IPA (pre accession) programme of the EU, as all of the countries concerned are potential EU members. In that respect I would like to ask whether the EU delegation to Montenegro was invited to the conference, but in any way it should be informed about the results.
- One should also elaborate to what extent EU regional funds can be used for cross-border projects of social housing,
- One very promising cross border project could be graduate studies of real estate management; in cooperation of universities of the region, e.g. University of Budva from Montenegro, and International University of neighbouring Dubrovnik and I can establish relations with private Megatrend University in Belgrade. A Vienna based University of Applied Studies ("Fachhochschule") can be a know-how providing partner of such a project.
- Last but not least I would also like to ask CECODHAS whether they know already regional structures within their organization. Extending the scope of CECODHAS to South Eastern Europe such a regional structure would help to make regional cooperation in the field of social/affordable housing sustainable.

PARTICIPANTS

	NAME	INSTITUTION AND POSITION	E-MAIL
1.	HUTAN DANIELA	HABITAT LEAGUE OF ROMANIA (Legal Advisor)	dana.hutan@habitaturban.ro
2.	MEREUȚĂ MIHAI	HABITAT LEAGUE OF ROMANIA (President)	mihai.mereuta@habitaturban.ro
3.	MUSTEATĂ TATIANA	HABITAT LEAGUE OF ROMANIA (Executive Manager)	tatiana.musteata@habitaturban.ro
4.	DJORDJE MOJOVIC	URBAN DEVELOPMENT PROGRAM (Program Director)	djordje.mojovic@pur.rs
5.	OLGA TUZOVIC	AGENCY FOR HOUSING	aspg1@t-com.me
6.	RADOVAN ACIMIC	CFSSI	izra@t-com.me
7.	VRATNICA DUSAN	POLICE DIRECTORATE TRADE UNION	sindikatpolice@t-com.me
8.	LJUMOVIC DRAGAN	AGENCY FOR HOUSING	www.aspg.co.me
9.	PAVEL TREDAFILOV	TRADE UNION OF MACEDONIA	sgip@on.net.mk
10.	ZIVKO MITREVSKI	TRADE UNION OF MACEONIA	zivkomitrevski@gmail.com
11.	TATJANA PANIC - ZIVKOVIC	Regional Slap Coordinator, DEVELOPMENT CENTRE FOR JABLANICA AND PCINJA DISTRICTS, SERBIA	tatjana.panic@centarzarazvoj.org.
12.	NIKOLA POPOVIC	AGENCY FOR INVESTMENTS AND PROPERTY BAR	nikola.popovic@bar.me
13.	SRZENTIC BLAZENKA	DEPARTMENT FOR HOUSING & COMMUNAL AFFAIRS BAR	blazenka.srzentic@bar.me
14.	ANS VAN BERKUM	CASLA.ALMERE-NL	a.vanberkum@casla.nl
15.	JAN DE VLETTER	DIGH	janwvlet@planet.nl
16.	CLAUS HACHMANN	VSWG+WORKING GROUP CENTRAL+EASTERN EUROPE OF CECODHAS	Claus-Hachmann@gmx.de
17.	IOAN BEJAN	INSTITUTE FOR REAL ESTATE &CONSTRUCTIONCountry Representative	bejan@iibw.atibejan2002@yahoo. com
18.	ROBIN COMANNE	HOUSING MATTERS Consultant	robin.comanne@housingmatters.nl
19.	BRANISLAV LEKIC	MINISTRY FOR SPATIAL PLANNING AND ENVIRONMENTAdvisor	branislav.lekic@gov.me
20.	MILOS LJUMOVIC	MINISTRY FOR SPATIAL PLANNING AND ENVIRONMENT	milos.ljumovic@gov.me
21.	RATKO NIKOLIC	ERSTE BANK AD PODGORICA	rnikolic@erstebank.me
22.	CUPETRESKI MILE	CONFEDERATION OF EMPLOYERS OF MACEDONIAPresident	mc@cerm.com.mk
23.	KOLOMAN IVANICKA	INSTITUTE OF MANAGEMENT – SLOVAK UNIVERSITY OF TECHNOLOGY Professor/ Director	koloman.ivanicka@stuba.sk
24.	ROUMET CLAIRE	CECODHAS	claire.roumet@cecodhas.org
25.	BIBER EDHEM	SSS BIH	www.sindbih.ba
26.	VESNA MILIC	REAL ESTATE DIRECTORATE	vemilic@gmail.com
27.	SERGII YAMPOLSKYI	UNECE	serhii.yampolskyi@unece.org
28.	WALTER SCHWIMMER	IIBW	schwimmer.consult@aon.at
29.	BORIS MIHAILOVIC	CFSSI	boris.mihailovic@cfssi.me
30.	IVAN MITROVIC	MONTENEGRIN EMPLOYERS	synergymont@t-com.me

		FEDERATION Vice President for International Cooperation	
31.	WOLFGANG AMANN	IIBW	amann@iibw.at
32.	DANILO POPOVIC	CFSSI	danilo.popovic@t-com.me
33.	MARKO VUJOVIC	MINISTRY FOR SPATIAL PLANNING AND ENVIRONMENT Deputy Minister	marko.vujovic@gov.me
34.	DAMIR PAHIC	UNECE WPLA CHAIR	damir.pahic@dgu.hr
35.	LUCIJA POPOVSKA	HABITAT FOR HUMANITY INTERNATIONAL	lpopovska@habitat.org
36.	NIKOLAY SIDJIMOV	HABITAT FOR HUMANITY BULGARIA	n.sidjimov@habitatbulgaria.org



EU POLICIES AND HOUSING

current challenges and opportunities

Podgorica

7 July 2010

HOUSING EUROPE

1

Summary

- ☐ CECODHAS Housing Europe
- ☐ The context
 - **Different social housing models**
 - **Diversity of housing markets in Europe**
 - **Current trends and issues for housing sector**
- ☐ European policies and housing
 - **Main policy areas impacting housing**
 - **Interlinks EU-National housing policies**
- ☐ EU challenges and opportunities:
 - **The Dutch & Swedish cases**
 - **Some successes in 2009 - 2010**



HOUSING EUROPE

2

A picture of the sector

CECODHAS Housing Europe is the European Committee for social and cooperatives housing, a network of national and regional social housing **federations** gathering 4.500 public, voluntary housing organisations and 28.000 cooperatives housing.

Together the 45 members in 19 EU members States **manage 25 millions dwellings**.



3

HOUSING EUROPE

Our activities

□ Lobbying EU institutions

Carried out by our Brussels team through contacts with the European Parliament (URBAN Intergroup,...), European Commission, and other key actors at the EU level

□ Monitoring key trends in the social housing sector in Europe

Through the European Social Housing Observatory

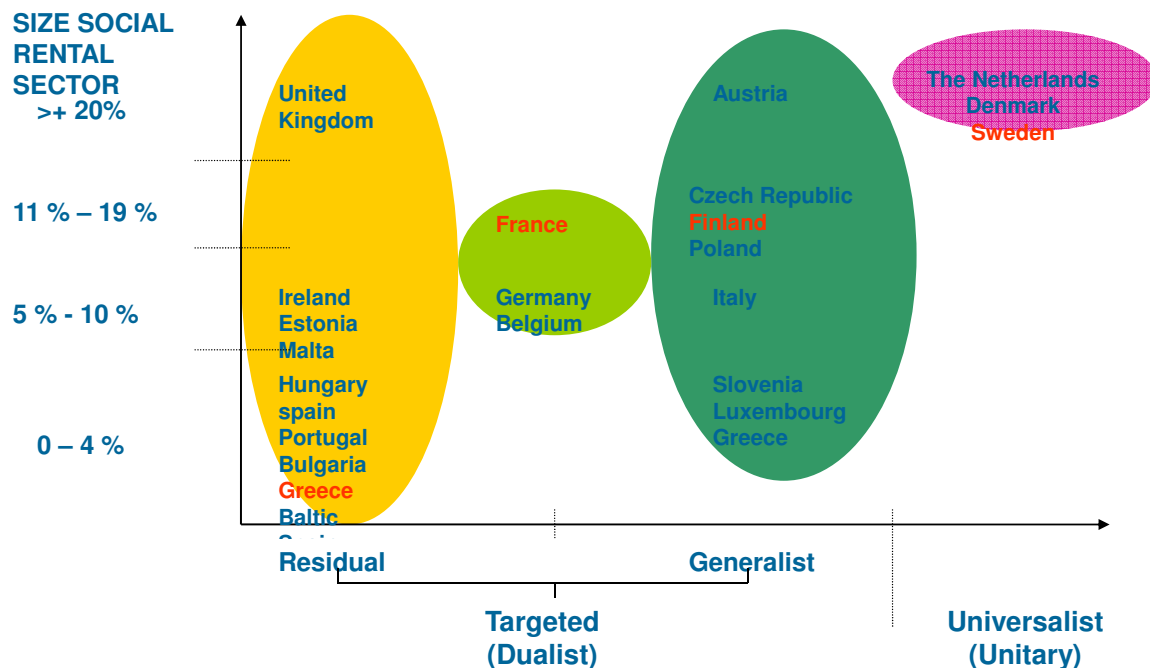
□ Exchange of experiences and good practices between our members

Through the organisation of european conferences and seminars, CECODHAS working groups, thematic publications, and participation to European projects (coordination of POWER HOUSE EUROPE)

HOUSING EUROPE

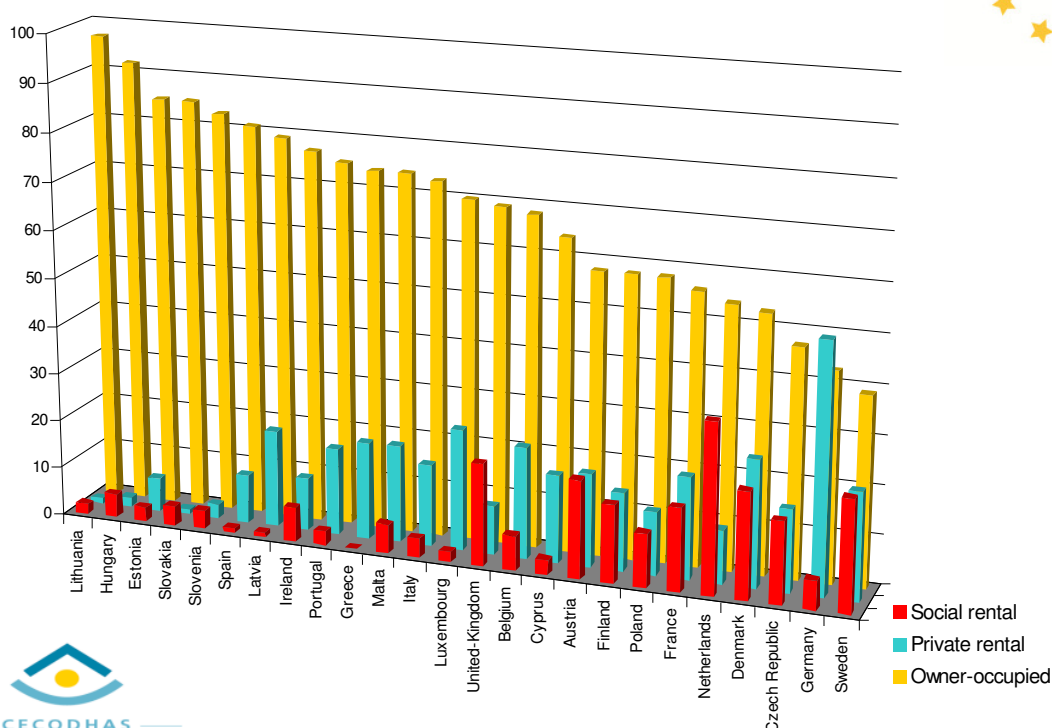
4

Typology of approaches to social housing



5

HOUSING EUROPE



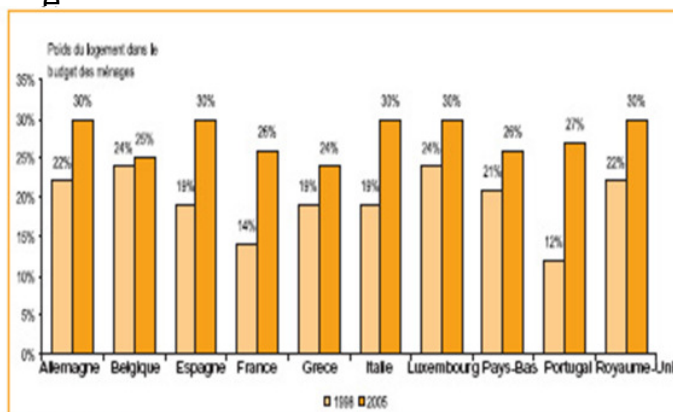
6

Common challenges: housing market



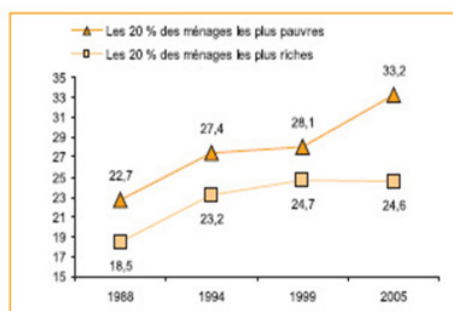
- ❑ Increase in home-ownership level
- ❑ Unbalance between offer and demand at national and regional level
- ❑ Regional disparities in terms of availability of jobs and housing
- ❑ Decrease of affordability and Lack of affordable housing, increasing pressure on the social housing sector

Evolution housing expenditures (1988-2005)...



Source : données Eurostat.

Lowest and highest income quartile



Source : données Eurostat.

7

HOUSING EUROPE

Common challenges: Housing policies



- ❑ Retreat of the state from welfare provision
- ❑ Reduction of public finance
- ❑ Generally housing policies encouraging home ownership

BUT

- ❑ Back on the agenda policies aiming at increasing rental and particularly social rental housing: long term engagement or contingent solution linked with the crisis?

In first semester 2009, 24,100 homes were repossessed in the UK- equivalent to 132 a day

new families house loans fell from 8.1 % of 2007 to 3.9% of august 2008

new constructions in the second semester of 2008 were 20% lower in Europe than the previous years



8

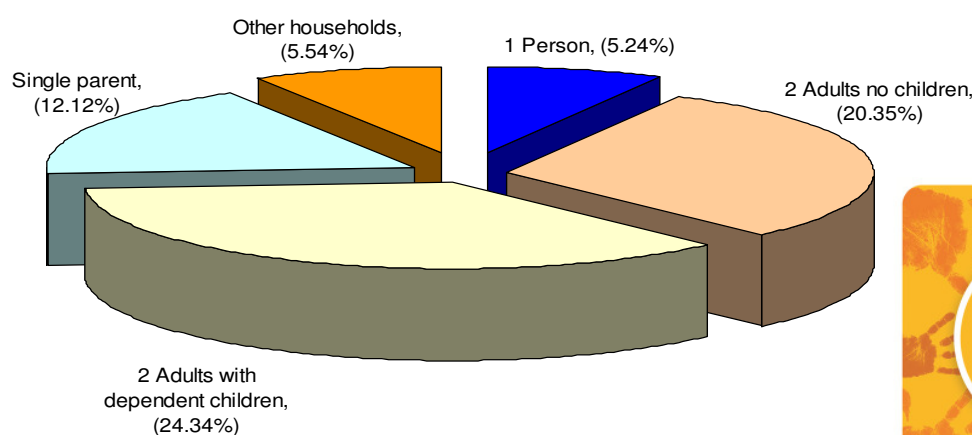
HOUSING EUROPE

Common challenges: demographic



- ❑ Socio-demographic change
- ❑ Ageing of the population
- ❑ Changing family structure and fragilisation
- ❑ Increasing diversity (social, ethnic)

Household composition



HOUSING EUROPE



9

Common challenges: Energy performance



- ❑ Global Warming & Climate Change
- ❑ Energy Prices & Fuel Poverty (housing low income and vulnerable groups)
- ❑ Quest for energy efficiency and improvement of living conditions
- ❑ Obstacles: financing, skills, awareness
- ❑ Impact of EU energy related targets and legislation

In 2006 residential sector account for 10,38 % of the emissions of greenhouse gasses (EEA).

Potential CO₂ reduction in the sector through renovation existing dwellings is about 75% (ILO).



10

HOUSING EUROPE

Interlinks EU policies – national housing policies



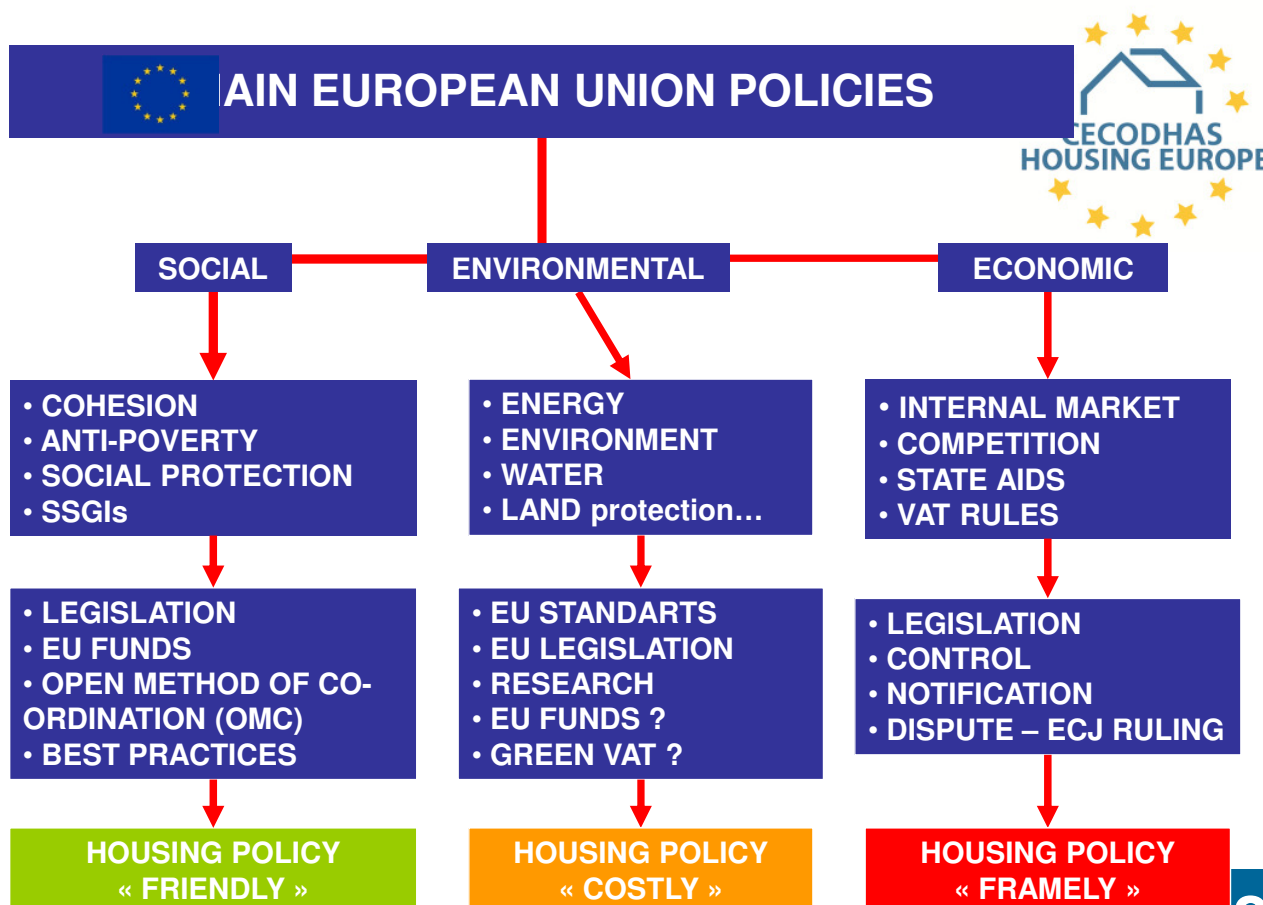
- Housing is not a competence of the EU, BUT European policies have an impact on the (social) housing sector



- Housing is on the European agenda
- Housing policy increasingly have to take into consideration concepts, norms and policies at EU level
- National housing policies are in the middle of the tensions between those policies (Ex.: Internal market/competition vs SGI, notably Dutch case)
- But this does not only represent constraints, it may also create new resources for actors (mutual learning, funding opportunities, visibility...)

11

HOUSING EUROPE



HOUSING EUROPE

12

The Swedish case



- ❑ Started in 2005 with a Complaint to the European Commission by the European Property Federation: Municipalities support for their housing companies (favourable guarantees and others) SEK 12 447 million in 2002
- ❑ 2005 – 2008 Inquiry on the Conditions for Non-Profit Housing. Two alternative proposals, criticised by all stakeholders on the housing market
- ❑ April 2009: SABO and the Swedish Union of Tenants Presents a Joint Proposal
- ❑ November 2009: Press Conference Governmental Memorandum Remitted



13

HOUSING EUROPE

The Swedish case



March 2010: Government Bill to Parliament

- ❑ Municipal companies same conditions as any private housing company
- ❑ Businesslike, profitability perspective
- ❑ Dwellings can still be let to anyone + active social responsibility
- ❑ Note: Have never been SGI or income limit for tenants
- ❑ New rent setting: Rents set in collective negotiations at local level

What next:

- ❑ June 2010 – Decision on laws by Swedish Parliament
- ❑ Complaint to the Commission most likely withdrawn
- ❑ 1st January 2011 – New laws come into force



14

HOUSING EUROPE

The Dutch case



- ❑ Started in July 2005 with a letter from the EC on possible 'manifest error'
- ❑ Housing corporations receiving state aid in the form of state guarantee disproportionate with housing 'the most vulnerable'.
- ❑ 4 years of debates, answer at the end of 2009 by the Dutch government

HOUSING EUROPE



15

The Dutch case

Agreement on the notification of state aid
published in December 2009



- ❑ income ceilings as an eligibility criteria
- ❑ housing corporations to focus on providing housing for the most vulnerable
- ❑ can only build and manage social real estates
- ❑ maximum rent introduced on the whole territory

HOUSING EUROPE



16

Opportunities and recent success



- ❑ Cohesion policy: 8 billion Euros available to finance energy refurbishment in buildings (up to 4% of ERDF) + more money for housing renovation/construction for marginalized communities (up to 2% of ERDF)
- ❑ New opportunities for projects on energy efficiency in buildings: IEE 2010 call, ICT call for energy efficiency in social housing
- ❑ Standardised EU indicators on housing Indicators approved: Housing affordability and housing deprivation (SPC, based on EU SILC)
- ❑ 2009 Light year on Homelessness and Housing Exclusion. National reports November 2009, Joint Report on social inclusion March 2010, Forthcoming Consensus conference on homelessness

HOUSING EUROPE



17



HOUSING EUROPE

18



MONTENEGRIN FUND FOR SOLIDARITY HOUSING DEVELOPMENT



CRNOGORSKI FOND ZA SOLIDARNU
STAMBENU IZGRADNJU



Along with dissolution of the Socialist Federal Republic of Yugoslavia in late 1980s and early 1990s of the 20th Century, the Housing Fund as a decades-long system of functioning and institutional way of resolving housing issues and needs of the employees – Montenegrin citizens, also collapsed.



CRNOGORSKI FOND ZA SOLIDARNU
STAMBENU IZGRADNJU



Prospect of the vast number of Montenegrin employees for providing roof over their head, was left on their own ability to cope with the situation and solve this elemental and existential issue .



CRNOGORSKI FOND ZA SOLIDARNU
STAMBENU IZGRADNJU



For the purpose of resolving this issue, the CTUM established the Trade Union Fund for Solidarity Housing Construction on 16 April 1996

Residential buildings developed in Kolasin and Podgorica, were sufficient reason for the employees and enterprises in Montenegro to give wider support to this model of resolving housing issues.

The extreme interest, shown by numerous entities, as from Municipalities to legal persons and individuals, gave impulses for the enlargement of the Project to the new one
“The Project of 1000 Solidarity Apartments”.

The Confederation of Trade Unions of Montenegro and the Trade Union Fund for Solidarity Housing Construction were initiators and bearers of the idea for development of the next project
“Project of Construction of 1.000 + 4.000 Solidarity Apartments”.



Researches conducted in Municipalities and trade union organizations showed that an estimated 20 to 30 thousand housing units were needed for resolving housing issues.

Basic manner of financing this Project, is provision of 30 per cent from local governments, through allocation of urbanized parcels released from all utility charges, therefore it is called the solidarity Project. Majority of Municipalities in Montenegro(19 out of 21), made Decisions on transfer of urbanized parcels to the trade Union Fund for Solidarity Housing Construction, as the investor and bearer of the business. These Municipal Decisions and the transfer of urbanized parcels to the Fund binds us to complete the overall Project.

The rest of financing comes from the contribution of 0.7 per cent from the gross wage of the employees, which employers set aside and pay into the Fund.



On 01 March 2007

The Agreement on Construction of Solidarity Apartments
was entered into, by and between three partners:

- **Government of the Republic of Montenegro,**
- **Montenegrin Employers Federation** and
- **Confederation of Trade Unions of Montenegro**

The Agreement stipulated that all the activities on construction of the apartments shall be carried out by
The Trade Union Fund for Solidarity Housing Construction, Ltd.



The Montenegrin Fund for Solidarity Housing Development was established on 11 November 2008 in Podgorica, by the Decision of the Government of Montenegro, made in 2008, on Accession to Trade Union Fund in capacity of member of the Company as well as by Decisions of the Assemblies of MEF and CTUM from May 2008 and by the Decision of the Commercial Court from 11th November 2008.



**MONTENEGRIN FUND FOR SOLIDARITY
HOUSING DEVELOPMENT**

Completed buildings and buildings in the phase of completion 2007-2009

- Podgorica I – residential building with 93 housing units
 - Podgorica II – residential building with 93 housing units
 - Pljevlja – residential building with 26 housing units
 - Berane – residential building with 90 housing units
 - Cetinje – residential building with 52 housing units
 - Nikšić I – residential building with 85 housing units
 - Nikšić II – residential building with 31 housing units
 - Budva – residential / commercial building with 30 housing units
-

TOTAL: 500 HOUSING UNITS

Photos



PODGORICA



Building "F"
in Podgorica was
constructed and moved
in, in the year of 2007

93 apartments

BERANE



No. of Cadastral
parcel 1369/5

90 apartments



No. of Cadastral
parcel 5922/2

26 apartments



No. of Cadastral
parcels
2380/2
2376/3
2382/4

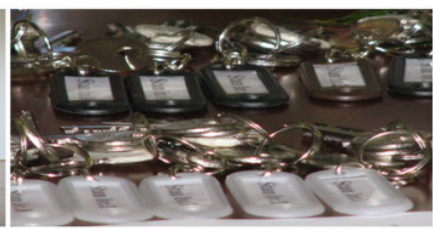
2.576 m²

52 apartments

Residential / commercial building with 30 housing units is in the phase of completion.

Tender for selection of contractor for residential / commercial building with 85 housing units was conducted and the most favorable bidder was awarded.

Works shall start in the spring of 2010



Uncompleted Housing Units

- Currently, the Fund has 209 uncompleted housing units whose total value, under favorable conditions offered by the Fund (by the average price of € 600 per m²), amounts to cca € 6.000.000,00
- Market value of the uncompleted housing units is even 2.5 times higher.



Uncompleted Housing Units

- Out of 209 uncompleted housing units
 - **Nikšić: 96**
 - 65 vacant housing units,
 - 31 vacant housing units,
 - **Budva: 28**
 - Totaling **1.672,06 m²** and commercial space **502,00 m²**

Uncompleted Housing Units

– **Cetinje: 25**

– **Pljevlja: 10**

– **Berane: 50**





Manner of Purchase

- Purchase of housing units is made:
 - By cash payments
 - By credit instruments



Planned Activities

The Fund carried out (or is in the phase of finishing) the activities of obtaining building permits for the buildings in the following cities:

- Rožaje
- Mojkovac
- Andrijevica
- Plužine

RESIDENTIAL BUILDING - LAMELA A, B AND C IN ROŽAJE PROJECTION OF EXPECTED COSTS

STATUS

The attic is in the phase of designing, after which the number of planned housing units will increase from 42 to 54.

New permit is expected to be obtained in February, followed by tender for selection of contractor, thus the works may start by the end of March.

Value of investment will increase by cca. 150,000,00 €



RESIDENTIAL / COMMERCIAL BUILDING IN ANDRIJEVICA

STATUS

9 housing units and 5 commercial premises.

Tender for selection of contractor was conducted and the most favorable bidder was awarded.

Works may start in the spring of 2010



STATUS

24 housing units

Project is submitted to the representatives of local self-government in order to provide them with information on the structure of the apartments and the projection of cost price.

Their response is expected.

Works may start in the spring.



STATUS

Tender for making the final design was conducted and the most favorable bidder was awarded.

Drafting of project documentation is in progress.

Works may start by the end of April 2010



Planned Activities

The Fund plans the construction in the following

Municipalities:

- Bijelo Polje
- Bar
- Nikšić
- Podgorica

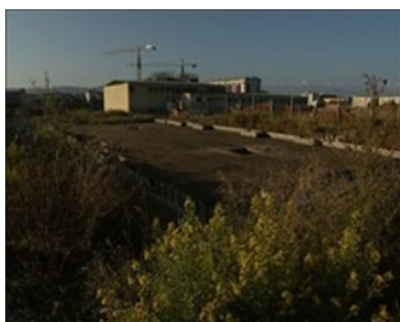
The contractor for these Municipalities has not yet been selected, neither the model based on which these buildings will be constructed. Therefore, we assume that they may be interesting for you.



Urban parcel A8 BGP of the building, totaling 7.290 m²

Urban parcel A9 BGP of the building, totaling 7.290 m²

Urban parcel A10 BGP of the building, totaling 7.290 m²





No. of Cadastral
parcels
1453/1
1453/2
1453/3
1453/4
1453/19

Number of
apartments
planned: cca. 220

Planned Buildings in Other Municipalities

LOCATION	No. of apartments	Building Costs	Costs of Making Design	Costs of Audit	Other Costs	TOTAL
PODGORICA II	103	2,575,000.00	77,250.00	64,375.00	309,000.00	3,025,625.00
BUDVA 555/6	43	1,182,500.00	32,250.00	29,562.50	129,000.00	1,373,312.50
H.NOVI	30	750,000.00	22,500.00	18,750.00	90,000.00	881,250.00
TIVAT	55	1,375,000.00	41,250.00	34,375.00	165,000.00	1,615,625.00
PETROVAC	35	875,000.00	26,250.00	21,875.00	105,000.00	1,028,125.00
CETINJE	90	2,070,000.00	67,500.00	51,750.00	270,000.00	2,459,250.00
KOTOR	55	1,320,000.00	41,250.00	33,000.00	165,000.00	1,559,250.00
ULCINJ	110	2,475,000.00	71,000.00	59,000.00	275,000.00	2,880,000.00
CETINJE	80	1,840,000.00	60,000.00	46,000.00	240,000.00	2,186,000.00
BERANE MUP	44	1,012,000.00	33,000.00	25,300.00	132,000.00	1,202,300.00
TOTAL	645	15,474,500.00	472,250.00	383,987.50	1,880,000.00	18,210,737.50



Some of the available locations :

KOLAŠIN





CRNOGORSKI FOND ZA SOLIDARNU
STAMBENU IZGRADNJU

HERCEG NOVI



CRNOGORSKI FOND ZA SOLIDARNU
STAMBENU IZGRADNJU

TIVAT





**MONTENEGRIN FUND FOR SOLIDARITY
HOUSING DEVELOPMENT**



Ministry for Spatial Planning
and Environment
www.mse.gov.me



Montenegrin Fund for
Solidarity Housing Development
www.cfssi.me



Institute for Real Estate Construction
and Housing Ltd. Vienna/Austria
www.iibw.at

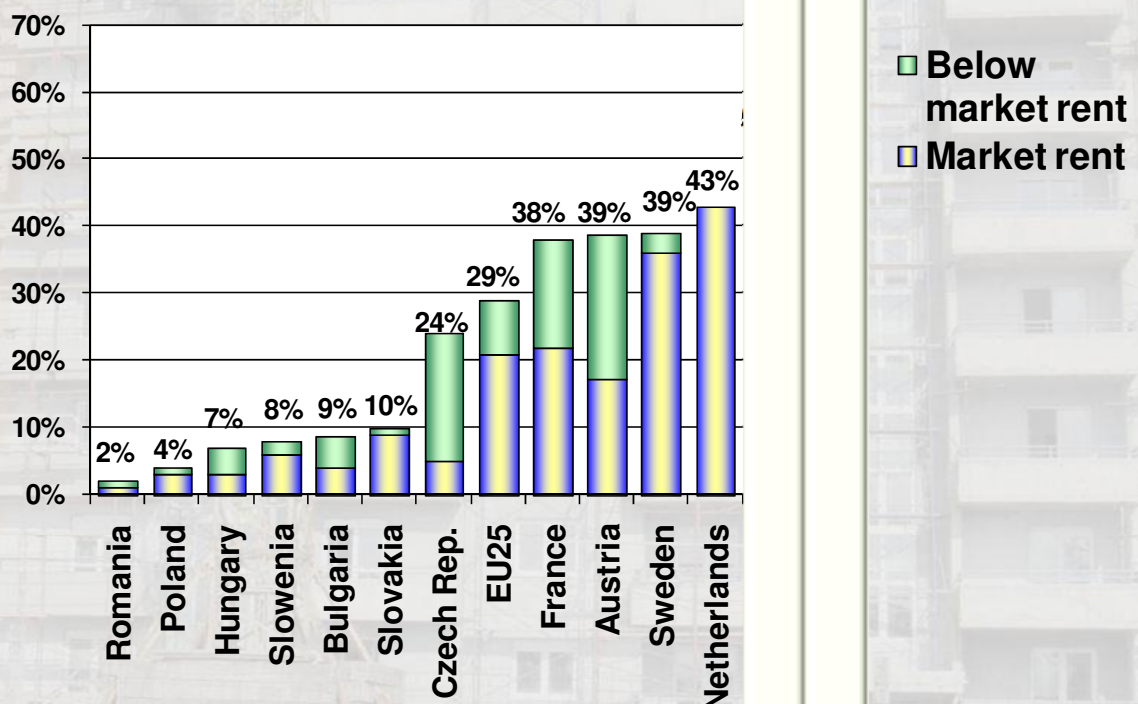
Wolfgang Amann

3 Cornerstones to establish Social Rental Housing: Sound Legal Framework / Specific Financing Tools / Capacity Building



Western Balkan Social Housing Initiative

Why social rental housing?



Source: IIBW, Eurostat (EU SILC), UJPI (for Switzerland, 2003), Statistik Austria (for Austria)

Background – similar in all CEE countries

- Excessively high ownership rate of >90%
- Liberal market economy as political philosophy
- Rudimentary welfare regime
- Housing boom before the crisis, but only upscale market condominiums in boom regions
- Very volatile price development
- Downturn of housing construction in the crisis

Montenegro is different!

- Sufficient economic performance even during the crisis
- Stable and predictable political establishment
- Understanding of social market economy mechanisms (within the mainstream of liberal market economy)
- Formation of CFSSI as social partnership model

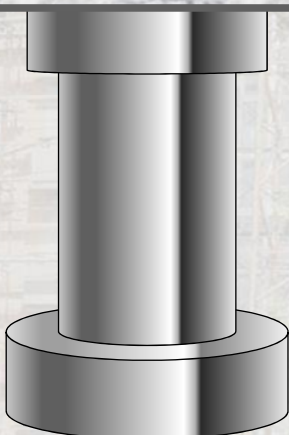
Opportunities of social housing as integrated parts of real estate markets

1. Price stabilisation
2. Stabilisation of construction output (on an increasing level)
3. Capacity building
4. Political manoeuvrability
5. Satisfaction of social demand
6. Moderate and stable housing costs favour other private investments
7. Strengthening of competitiveness of markets

Altogether positive long term perspectives!

3 Cornerstones to establish Social Rental Housing

**Legal framework /
business model
for PPP housing**



- New Housing Law
- PPP Housing Legislation (recommended)
- CFSSI Statutes

3 Cornerstones to establish Social Rental Housing

**Legal framework /
business model
for PPP housing**

**Structured
financing**

- DIGH loans
- CEB loan application
- Own equity
- Contributions of member companies
- Cross subsidising
- Indexed rents

3 Cornerstones to establish Social Rental Housing

**Legal framework /
business model
for PPP housing**

**Structured
financing**

**Capacity building
(social partner-
ship model)**

- Government / Trade Union / Employers
- In the core of civil society
- Capacity to execute public service obligations
- Structures to survive political change



Opportunities for Western Balkan Countries

- Establishment of Social Housing Sectors
- Concordance with EU legislation
- Support from Western institutions in legal reform
- in capacity building
- and in financing
- Social partnership models mirror civil society beyond political change



Sources

- Montenegrin housing legislation
- EU regulations
- UNECE documents
- Extensive IIBW practice in housing policy reform in transition countries

United Nations
Economic Commission For Europe
(UNECE)

Working Party on Land Administration
(WPLA)

Real Estate Market Advisory Group
(REM)

POLICY FRAMEWORK FOR SUSTAINABLE REAL ESTATE MARKETS

Principles and guidance for the development
of a country's real estate sector





UNECE

United Nations Economic Commission for Europe



Ministry for Spatial Planning
and Environment
www.mse.gov.me



Montenegrin Fund for
Solidarity Housing Development
www.cfssi.me



Institute for Real Estate
Construction and
Housing Ltd.
Vienna / Austria
www.iibw.at

Sergii Yampolskyi

UNECE GUIDANCE FOR SOCIAL HOUSING

Conference
Western Balkan Social Housing Initiative
July 8 and 9, 2010
Podgorica / Montenegro

The UNECE Committee on Housing and Land Management

- Intergovernmental body of all UNECE member States.
- Provides a forum for the compilation and exchange of information and experience on housing, urban development and land administration policies.
- Activities:
 - Workshops
 - Research and analyses of the housing and real estate sector
 - Focus on policy guidance and strategies for practical implementation
 - Supports the economic and social stabilization through cooperation between different levels of government

Recent CHLM Activities on Social Housing

- [Central and East European Workshop on Social Housing](#), 6 - 7 October 2008, Budapest (Hungary)
- [Guidelines on Social Housing, Principles and Examples](#) (2006)
- [Trends and Progress in Housing Reforms in South Eastern Europe](#) (2005)
- UNECE Symposium on Social Housing, 28 - 30 November 2004, Vienna (Austria)
- Workshop on Social Housing, 19-20 May 2003, Prague (Czech Republic)



UNECE

United Nations Economic Commission for Europe

Outline

Introduction

1. Social Housing: Definition and its role in social housing policies
2. Main Challenges to Social Housing in SEE
3. UNECE Policy Recommendations on Social Housing
4. UNECE REM Advisory group's Policy framework for sustainable real estate markets



UNECE

United Nations Economic Commission for Europe

1. Social Housing: Definition and its role in social housing policies (1)

- The European Liaison Committee for Social Housing definition (CECODHAS):

“Social housing is housing where the **access is controlled** by the existence of **allocation rules favouring households that have difficulties** in finding accommodation in the market”

Any discussion of social housing also needs to address a general housing policy goal so as to determine what role social housing can play in achieving these goals



UNECE

United Nations Economic Commission for Europe

1. Social Housing: Definition and its role in social housing policies (2)

The basic goal of housing policy is to provide the **whole population** with **adequately equipped** dwellings of **suitable size** in a **well-functioning environment** of **decent quality** at **reasonable cost**

- **General recommendations** on the role of social housing:
 - Social housing should not be seen as limited only to provision of affordable housing
 - Development of social housing with a long-term perspective, taking into account demographic trends
 - Integration of social housing with other forms of housing



2. Main Challenges to Social Housing in SEE

- High ownership rate
- Affordability in public rental housing
- Challenges to the structure of homeownership
- Housing quality
- The lack of well-established regulatory institutions



3. UNECE Policy Recommendations on Social Housing (1)

- Institutional Framework
- Legal Framework
- Role of Social Housing in Promoting Social Cohesion



UNECE

United Nations Economic Commission for Europe

3. UNECE Policy Recommendations on Social Housing (2)

Institutional framework

➤ Recommendations:

- National **strategy**
- Need of **reliable information** concerning housing markets
- Clear **standards** for construction
- Ownership entails **responsibility** for long term management



UNECE

United Nations Economic Commission for Europe

3. UNECE Policy Recommendations on Social Housing (3)

➤ Legal Framework for Social Housing requires consistent implementation of housing-related **laws** and **sub-laws**

➤ Recommendations:

- **Legal aspects** to be taken into account
 - ✓ Financing
 - ✓ Rental laws
 - ✓ Laws on homelessness and its prevention
 - ✓ Condominium laws and housing cooperative laws
- A functioning **institutional framework**



UNECE

United Nations Economic Commission for Europe

3. UNECE Policy Recommendations on Social Housing (4)

➤ Role of Social Housing in Promoting Social Cohesion:

- Integration
- Proper coordination between land-use policies and housing policies
- Development of a broad-based social rental sector with diverse dwelling stock
- Balanced housing policies
- Social housing provision for people with special needs
- Involvement of residents in improving their living conditions
- Reducing “fuel poverty”



UNECE

United Nations Economic Commission for Europe

4. UNECE REM Advisory group’s “Policy Framework for Sustainable Real Estate Markets” (1)

➤ Social housing should be considered as an integral part of the real estate market, as means to promote economic growth, urban development, reduction in housing pressure, and as a policy option to address the problem of informal settlements:

- stabilizes the economic development & migration flows
- facilitates urban development & regeneration
- contributes to ecologically sound standards
- reduces social tensions



4. UNECE REM Advisory group's "Policy Framework for Sustainable Real Estate Markets" (2)

➤ REM highlights **key indicators of achievements**:

- **Access to homeownership** is important for all segments of the population
- Social housing policies & initiatives should be developed with **long term visions**
- Rental and leasing policies should be **accessible to low-income groups** & favour the **mobility of people**
- Importance of the state's **commitment** to promote social housing
- Social housing law and regulations should be adopted to cover **rents, condominiums, management, maintenance and subsidies**



Sergii Yampolskyi
Environmental Affairs Officer
Environment, Housing and Land Management Division
United Nations Economic Commission for Europe
Palais des Nations
Avenue de la Paix 8-14
1211 Geneva 10, Switzerland
Tel.: 41 (0) 22 917 3663
Fax: 41 (0) 22 917 0309
E-mail: serhii.yampolskyi@unece.org

THANK YOU FOR YOUR ATTENTION!



UNECE

Working Party on Land Administration

UNECE WPLA - The View on Social Housing

**Damir Pahić, dipl.ing.
UNECE WPLA Chair**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

UNECE

- ☐ The United Nations **Economic Commission for Europe (UNECE)** was set up in 1947
 - ☐ It is one of five regional economic commissions of the United Nations.
 - ☐ **Economic and Social Commission for Asia and the Pacific (ESCAP)**
 - ☐ **Economic Commission for Latin America and the Caribbean (ECLAC)**
 - ☐ **Economic Commission for Africa (ECA)**
 - ☐ **Economic and Social Commission for Western Asia (ESCWA).**
-

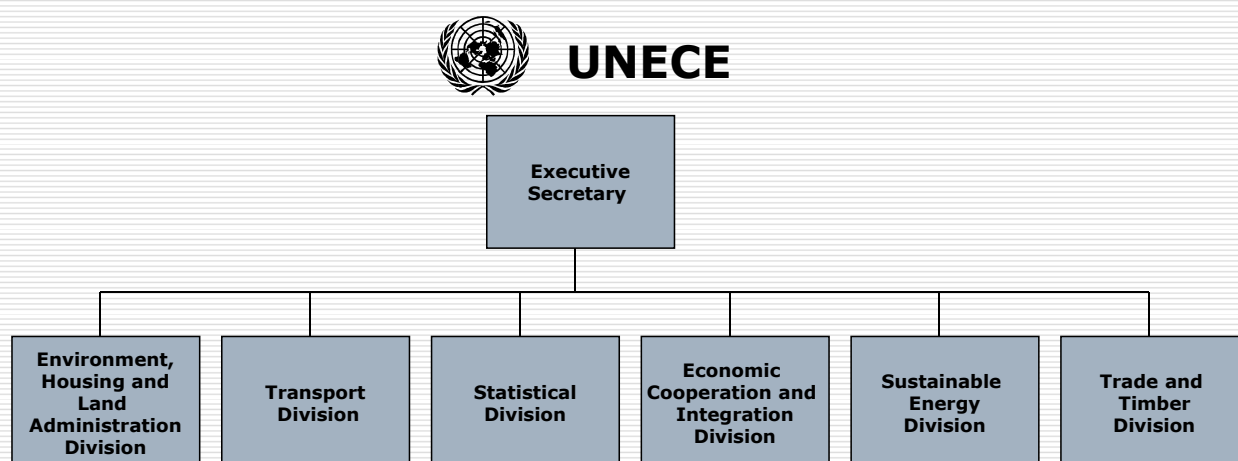
Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

UNECE REGION

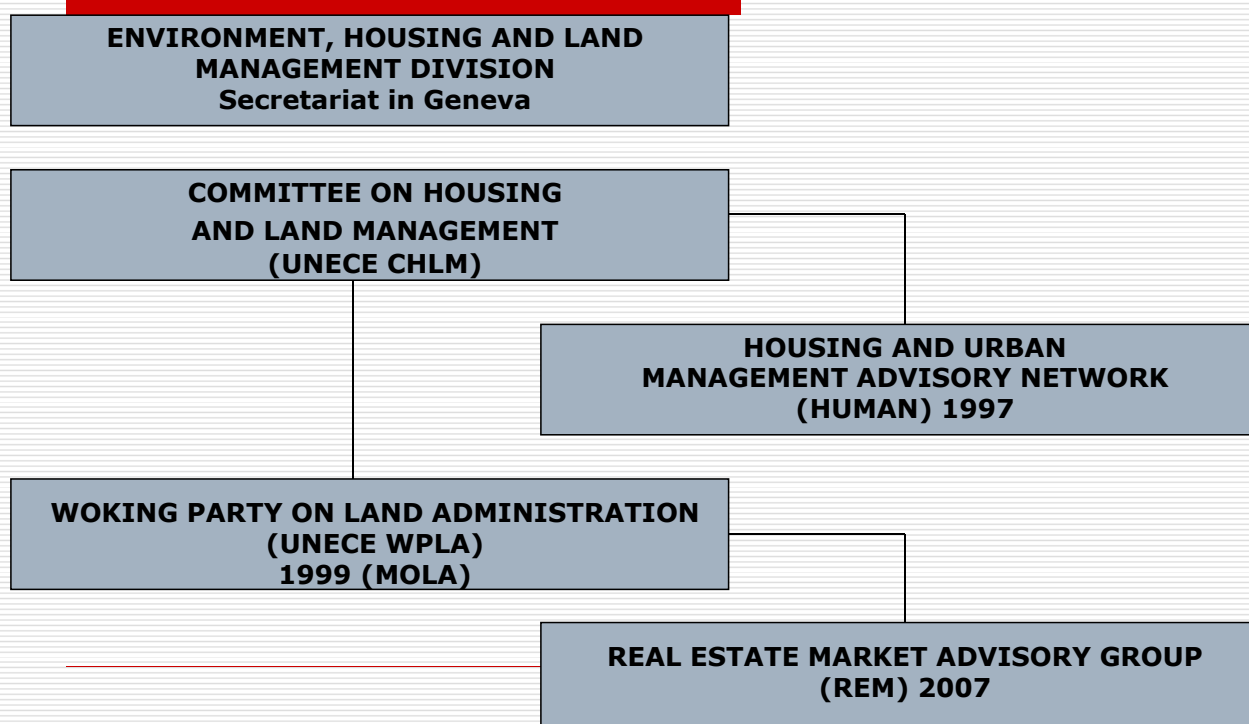
□ UNECE brings together 56 countries



ORGANIZATION CHART



ORGANIZATION CHART



UNECE WPLA

- ❑ the first international organization, which defined and addressed the issue of land administration in Europe
- ❑ UNECE WPLA aims at promoting land (immovable property) administration through security of tenure, establishment of real estate markets in countries in transition, and modernization of land registration systems in the advanced economies
- ❑ UNECE WPLA gained an extensive experience in promotion of privatization and effective real estate market through promotion of modern land registration systems in the ECE region
- ❑ UNECE WPLA developed into an effective network of land administration officials in Europe and North America

UNECE WPLA GOALS:

- ☐ **The overall goals of the Working Party are the promotion and improvement of land administration and land management in the UNECE region.**
- ☐ **The Working Party aims at supporting security of tenure, the introduction and improvement of cadastre and land registry, and the development of real estate markets.**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

UNECE WPLA GENERAL TASKS:

- ☐ **LAND ADMINISTRATION**
- ☐ **Acquisition, registration, storing, maintenance and dissemination of information on real property rights, as well as the geometric and physical characteristics of land**
- ☐ **PLANNING AND DEVELOPMENT OF LAND**
- ☐ **formulation, implementation and monitoring of land policy and geo-data policy (including financial matters).**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

LAND ADMINISTRATION

- ☐ **Activities (land administration):**

- ☐ **Documentation of ownership rights, leases and mortgages, land cover, land-use and land-use restrictions, geo-referenced addresses**
- ☐ **transfer of ownership rights**
- ☐ **adjudication of land rights**
- ☐ **solving of land disputes**
- ☐ **cadastral mapping**
- ☐ **database activities**
- ☐ **real property valuation**
- ☐ **personal data protection**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

LAND ADMINISTRATION

- ☐ **Activities (planning and development of land):**

- ☐ **Pricing of services**
- ☐ **cost-recovery requirements**
- ☐ **development of professional skills**
- ☐ **taxation of land and real properties**
- ☐ **development of e-services**
- ☐ **geo-spatial data policy**
- ☐ **sustainable development of urban and rural areas**
- ☐ **land consolidation**
- ☐ **protection of natural resources**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

Housing policy overall goal:

- ☐ **to provide the whole population with adequately equipped dwellings of suitable size in a well-functioning environment of decent quality at reasonable cost**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

Housing policy other goals:

- ☐ **to create instruments that can ensure that the quality of housing will correspond to needs**
- ☐ **to pay attention to the special needs of different segments of the population (disabled, elderly, etc.)**
- ☐ **to create and protect security of tenure**
- ☐ **to support tenants participation in decision-making relating to the building and the immediate neighborhood**
- ☐ **to promote energy savings in dwellings**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

THE ROLE OF SOCIAL HOUSING IN HOUSING POLICIES:

- ☐ **to ensure that the underprivileged section of the population has access to a dwelling**
- ☐ **to create instruments that can ensure that low-income households can live in dwellings of a reasonable size**
- ☐ **to create frame within which housing expenditure does not form an unreasonably large proportion of disposable income of the holders**
- ☐ **to avoid social segregation in residential areas**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

SOCIAL HOUSING PARADIGM

- ☐ **Social housing is often seen as a social rental housing, but it can also be seen as cooperative housing and as owner-occupied housing stock which meet the criteria for "social housing"**
- ☐ **In some jurisdictions expressions like public housing, non-profit housing, PPP housing and affordable housing are in use**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

SOCIAL HOUSING PARADIGM

- ☐ **Social housing should be considered as an integral and complementary part of the real-estate market and a means to promote economic growth, urban development, reduction in housing pressure and informal settlements.**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

SOCIAL HOUSING PARADIGM

- ☐ **Social housing policy can be defined as set of policies, frameworks and instruments which aimed to provide affordable housing to those who are not able to afford it based on criteria established by opened real estate market**
- ☐ **Preconditions for social housing are multi-year strategies, the establishment of institutions, the legal framework and an economic environment that stimulates continuity and long-term investments**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

SOCIAL HOUSING POLICIES

- ☐ **Social housing is not the answer to housing problems but supplementary model to market driven real estate and housing market**
- ☐ **Market driven real estate and housing market must be well regulated and transparent and must be main instrument within housing policies**
- ☐ **Rules defined for real estate market must be carefully observed and modified for introduction of social housing policies**

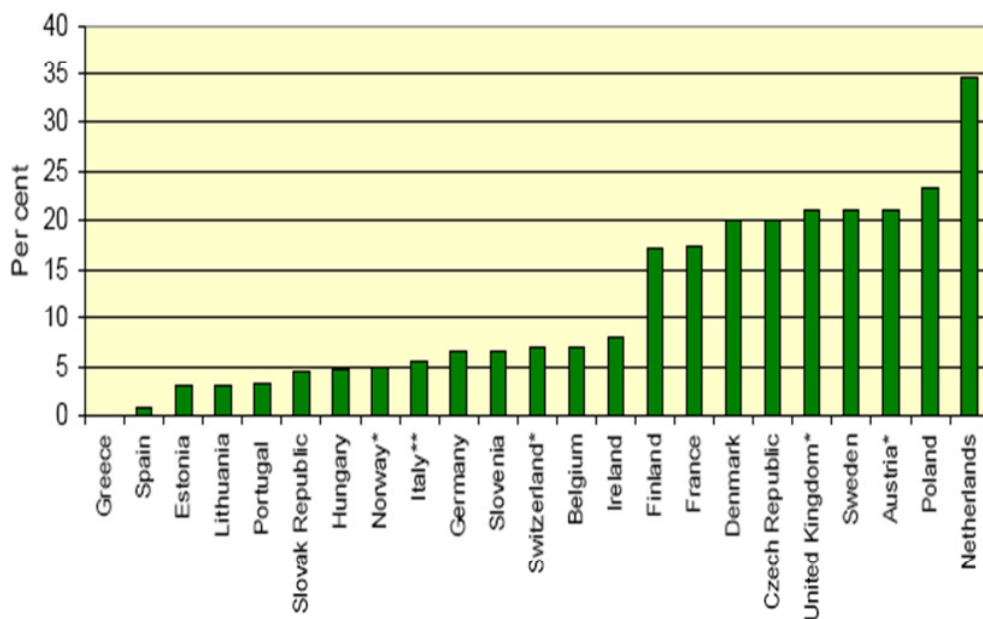
Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

SOCIAL HOUSING POLICIES

- ☐ **All countries have certain types of social housing policies but reasons for introduction of them can differs (low-income groups, vulnerable groups, special ethnic minorities, refugees, displaced persons, etc.)**
- ☐ **In several western countries, aids to social housing are implemented; a great number of these countries spend 1-2% of GNP on the promotion of housing policies**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

Figure 1. Share of social rental dwellings in the housing supply, circa 2000



Sources: The main source is *Housing Statistics in the European Union 2004*. For other countries marked with * figures are provided by authorities in these countries. For Italy ** the figure is provided by other international sources. For some countries the figures refer to occupied dwellings, for other countries to whole dwelling stock. There are also differences in how "social rental dwelling" is defined.

SOCIAL HOUSING POLICIES

- ❑ Social housing should be developed as integrative parts of a housing markets
- ❑ Social housing should not target only the most vulnerable groups, because this immediately creates social exclusion and fragmentation of urban spaces
- ❑ Social housing should compete with private markets to dampen and stabilize price development

SOCIAL HOUSING POLICIES

- ☐ **Awareness should be raised on the importance of state commitment and intervention to promote social housing**
- ☐ **Awareness should be also raised on the fact that the provision of social housing for those in need is an obligation of the government**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

SOCIAL HOUSING FRAMEWORKS

- ☐ **Institutional framework**
- ☐ **Legal framework**
- ☐ **Macroeconomic framework**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

Institutional framework

- ❑ Social housing policies must be embedded in a sound and efficient institutional structure which allows the effective functioning of all government institutions as well as for cooperation between them and other actors**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

Institutional framework

- ❑ The allocation of roles between different levels of government as well as developers, owners, managers and investors depend on existing arrangements at the national, regional and local levels**
- ❑ Roles must be clear and must reflect the most effective allocation of responsibilities and risks**
- ❑ Appropriate distribution of responsibilities and resources is a key feature of an effective social housing policy**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

Institutional framework

- ☐ **Social housing policies have tended to be successful where governments sought the involvement of all stakeholders and were actively engaged in building partnerships**
- ☐ **This involves establishing cooperation between all government levels and encouraging participation by the private sector and civil society organizations in the design and implementation of local and national policies**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

Legal framework

- ☐ **legal framework for social housing should cover all legal aspects such as:**
- ☐ **Financing**
- ☐ **Rental law**
- ☐ **Laws on homelessness and its prevention**
- ☐ **Condominium laws and housing cooperative laws**
- ☐ **Planning, construction, urban renewal and building laws and standards on safety, minimum floor space, equipment and energy consumption**
- ☐ **Contractual agreements for public-private partnerships under various laws (planning law, civil law)**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

Macroeconomic framework

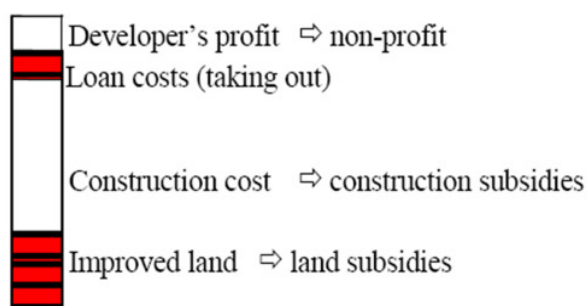
- ❑ From a macroeconomic perspective, social housing implies housing provision to eligible population groups on non-market or not-only-market terms
- ❑ The economics of social housing is closely related to various models of consumer subsidization in the housing sector
- ❑ Social housing has many important links with the general housing market. Efficient policy should use social housing as a tool to balance or stabilize the situation of the housing market

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

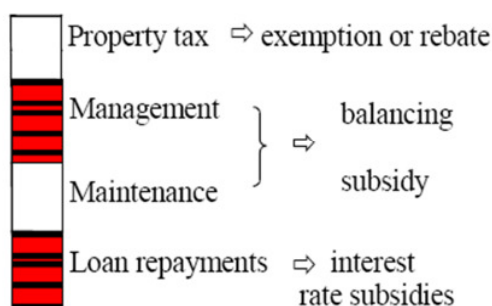
SOCIAL HOUSING INSTRUMENTS

- ❑ Specific loans
- ❑ Subsidies
- ❑ Special savings for loans
- ❑ Public financing
- ❑ PPP agreements
- ❑ Pilot projects

Construction cost price



Operating costs



PILOT PROJECTS

- ☐ **Public authorities should establish experimental housing programmes within their overall social housing policies**
- ☐ **Public subsidies for new social housing projects should be connected to conditions regarding technical innovation, new social approaches, and new economically oriented solutions**
- ☐ **Pilot projects and building exhibitions should be organized to profit from experiments and from international know-how transfer**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

THE ROLE OF SOCIAL HOUSING IN SOCIAL COHESION

- ☐ **Reduction of social exclusion**
- ☐ **Establishment of capacity to reduce disparities in wealth and income**
- ☐ **Prevention of social polarization**
- ☐ **Creation of mutual support to achieve common goals**
- ☐ **Creation of feeling of belonging to the same community**
- ☐ **Creation of social ties and trust among people ("social capital")**
- ☐ **Creation of solidarity and civic responsibility**

Conference "Western Balkan Social Housing Initiative"
8th -9th July 2010 – Podgorica, Monte Negro

DIGH financing for affordable housing

Jan de Vletter
Senior Advisor

DIGH
PO Box 611
1200 AP Hilversum
The Netherlands
+31 (0)35-6268383
www.digh.nl

Overview

1. Dutch social housing sector
2. Regional activities of DIGH
3. DIGH support in Montenegro
4. Possible further DIGH support in Western Balkan





1. Dutch Social Housing Sector



Dutch housing sector

- 7.1 mln dwellings for 16.58 mln people:
 - 3.97 mln owner-occupied (56%)
 - 2.88 mln rental (41%)
 - 2.4 mln rent from social housing organisations (34%)
 - 0.4 mln rent from private sector (7%)



Rental housing: PRO's & CON's

- Rent can start below cost price
- Institutional approach
 - development
 - administration
 - maintenance
- UN: rental housing necessary for lower incomes
- Market: rental housing useful for starters

Cash flow deficit from the start

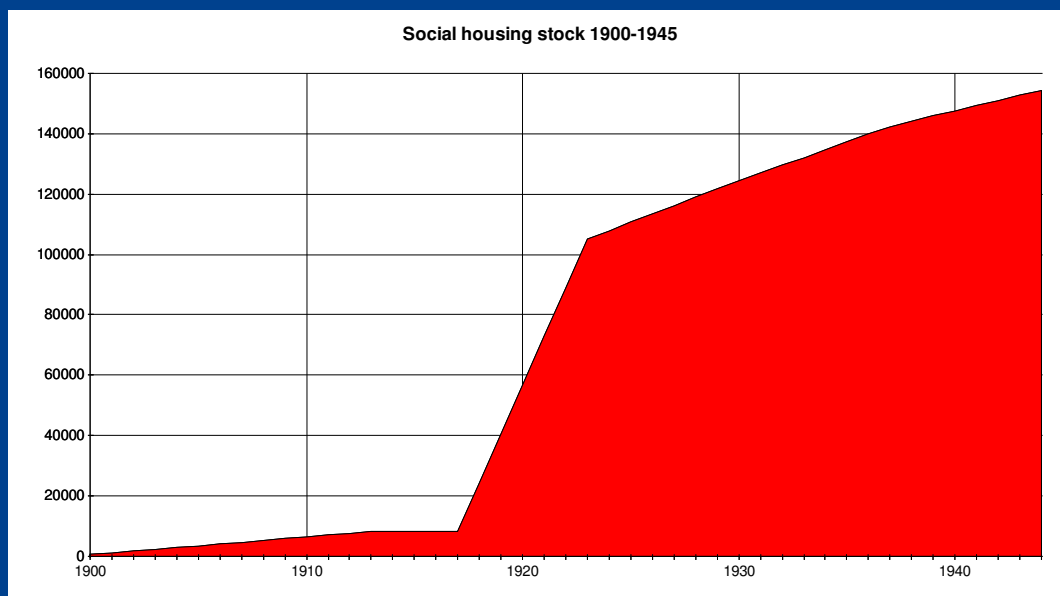
Institutional risks:

- long term
- management
- rent collection/ maintenance

Not bankable (unless appropriate financing available)



Social rental stock 1900-1945



What is a social housing association?

- Not for profit/limited profit housing company under the Dutch Housing Law
- Primary goal: providing good quality housing for low to middle income groups, including:
 - Vulnerable groups, young families, elderly etc.
- Main primary principles of limited-profit social housing:
 1. serving the common good,
 2. limitation of the scope of activities
 3. limitation of the distribution of profit shares and the cost-covering principles
 4. obligatory supervision



What is a social housing association?

- Government sets national and local housing goals
- Social housing associations provide housing within these governmental goals
- Partner to municipalities in all issues related to housing and urban renewal





2. Regional activities of DIGH



A bit of background on DIGH...

- Dutch Social Housing Institutes (SHI's):
 - Project experiences in different countries
 - Such as South Africa, CEE, Surinam
 - Much in donation form
 - Longer term financing often difficult
- Aiming for more sustainable financial solutions:
entrance to local/international market



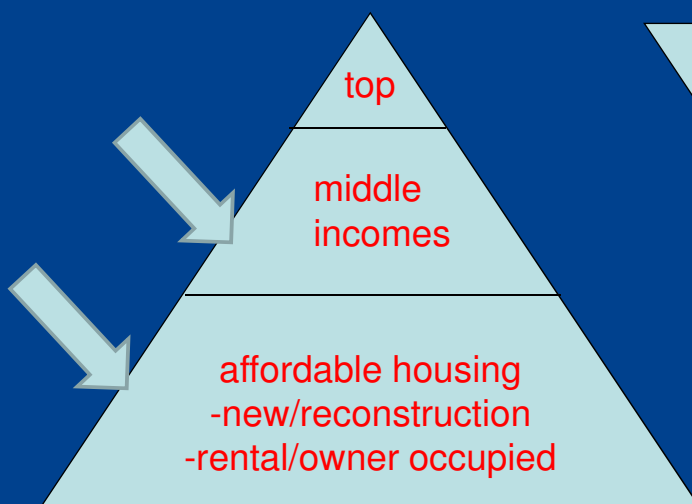
What does DIGH do?

- supports urban regeneration, affordable housing and energy efficiency activities benefiting middle and lower income families outside the Netherlands
- 'gets the wheel turning' for affordable housing sector
- finances or guarantees land, development cost, infrastructure, construction, mortgages, energy efficiency
- current loan portfolio of 55 million Euro (backed by AAA guarantees from Dutch social housing inst.)

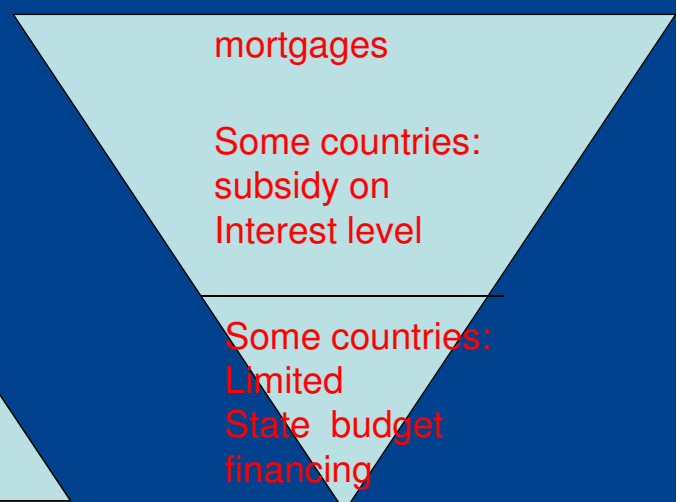


'Market' for DIGH finance

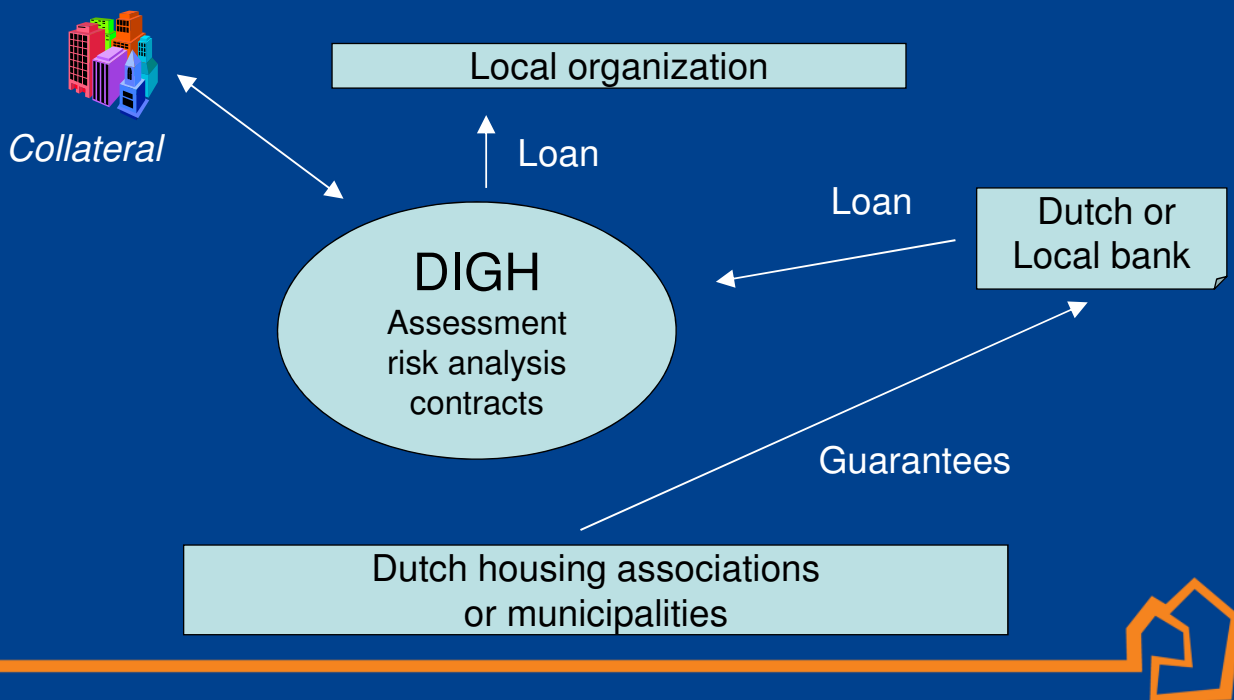
SEE/CEE NEEDS
ON HOUSING MARKET



EXISTING FINANCING
CAPACITY



DIGH affordable loan structure: Based on guarantee fund principle



DIGH in CEE region: 2004 - now

- Portfolio worth EUR 13,5 M covering 18 projects
- Focus on: New built housing (social rental / for sale)
Renovation(energy-efficiency / basic upgrade)
- Loans provided in: Armenia, Bulgaria, Croatia, Hungary, Latvia, Macedonia, Montenegro, Romania and Ukraine

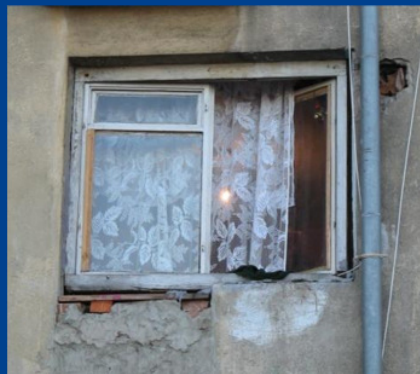
Central & Eastern Europe: new built



CE Europe: renovation / energy efficiency



CE Europe: upgrading



3. DIGH support in Montenegro



DIGH in Montenegro: focus on 3 pillars

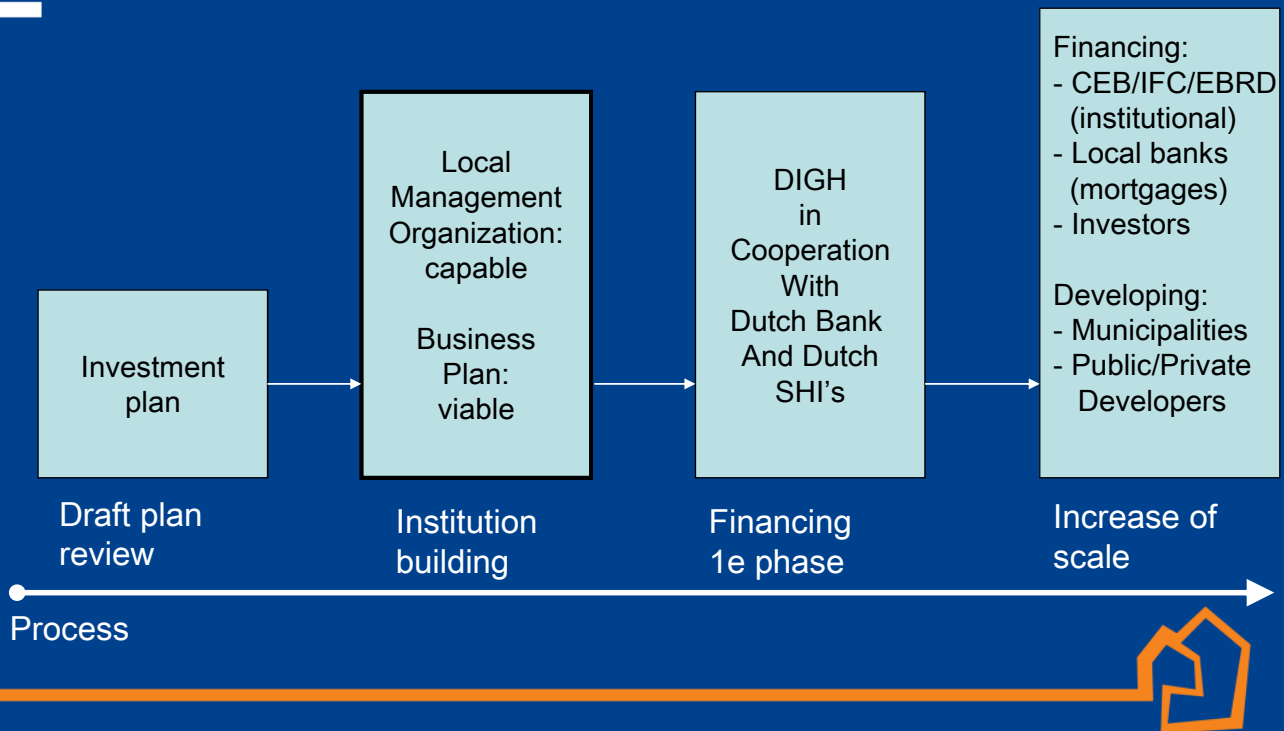
- legal regulations
- adequate finance
- social partnership approach



4. Possible further DIGH support in Western Balkan



DIGH supports every phase in development process:



DIGH loan conditions

- In Euro, Dollar or local currency
- Long term (till 30 years); bullet loan first 10 years
- Low interest rate (around 5 to 6%) + currency risk premium if local currency
- 0,3-0,5% premium for DIGH
- Volume per phase: 0,5-1,5 mjn. Euro
- Max. 75% of investment

Why housing matters?

Social housing as a tool (instead of goal)

Robin Comanne

Why does housing matter?

- Everyone has the right to a decent home
- It is key to health, work and education
- It enables people to participate in society
- It is a stepping stone to a happier life
- So, shouldn't we all agree with Maslow?

housing is not a goal, but a tool

Regular housing:

- Commercial sector: people who can afford property
- Developers run minor risk and receive the profits

Social housing:

- Who caters for the underprivileged?
- Who builds for those who are not interesting for banks?
- Who is guiding people who wish to renovate their buildings, but don't know where to start?

A mind shift is needed

Building/renovation can lead to:

- establishing a *housing career*
- increase of property value
- higher comfort and standard of living
- decrease of energy costs (subsidies?)
- for many: finally a home...
- How to make governments and financial institutions understand that they should embrace organisations who are willing to...
run the risk to cater for underprivileged people

Interesting for financial institutions such as banks:

- Low margins, but large market

Interesting for politicians:

- Potential electoral profit can be enormous

Interesting for the people:

- Leads to satisfaction & economic growth

But, do we first have to challenge the negative connotation of the term “**social** housing”?

Social, public, affordable, ...

Social housing is not necessarily for the poor:

- 35% of all the Dutch people live in “social” housing
- Social housing can be renting or ownership

In CEE special tension because of recent history

- Open market rules
- Everything called *social* is considered “contaminated”

Is it all in a name or should we:

- aim towards the future?
- take our responsibility towards the underprivileged?
- follow up the successful examples of Slovakia, Moldavia and Montenegro?

Housing Matters:

- global experience in developing and improving social housing, adapted to local needs in developing countries
- since 1997 in approximately 20 countries world wide
- providing knowledge and experience *to* organisations that are willing to build, improve, manage and maintain
- work *for* governments, housing associations, socially responsible companies and development organizations

Success factors

Substantial cooperation:

- ministry of Housing, Health, Education & Employment
- local government / local parliament
- schools, social organisations
- financial institutions
- the people

Willingness & awareness:

- Do all parties involved really want to make a difference?
- Realise that success leads to responsibility!

Regain inspiration & the ability to dream

Everybody needs to invest:

- Nothing for nothing
- Start small
- Combination of pilot AND policy
- Work in phases
- Create commitment
- Involve participation
- Set up should include capacity building programmes
- Create conditions for success and how to proceed afterwards
- Preferably executed by a private entity facilitated & controlled by the (local) government

Housing Matters:
Thank you for your attention!
Serving *local* needs
with *global* experience

www.housingmatters.nl