

European Network of Housing Research International Housing Conference
Housing: New Challenges and Innovations in Tomorrow's Cities
Reykjavik, 29 June – 3rd July

ABSTRACT

Workshops: **Housing Renewal and Maintenance; Sustainability in Housing**

TITLE: **Revisiting Housing Sector Reform in Belarus and Bulgaria after a Decade of Transition: the challenges of housing stock maintenance.**

AUTHORS: **Claudio ACIOLY¹ and Alena KASYANENKA²**

The transition from a centrally-planned to a market economy experienced by countries from Central and Eastern Europe highlights one central theme: the retreat of the State from the actual production, delivery and allocation of housing. This is a common regional feature resulting into a large-scale transfer of ownership of the housing stock. The process varies from country to country and there are specificities. Nevertheless the experience shows that the transformation from rented to owner occupation often took place in the absence of preventive policies and proper arrangements as well as institutional and policy mechanisms to enable the maintenance of the housing stock to continue under a different regime rather than state owned enterprises. After more than a decade of transition, countries like Bulgaria and Belarus are confronted with enormous challenges to safeguard the quality, quantity, safety and liveability of multifamily, multi-storey apartment blocks that form the basis of many neighbourhoods in major cities like Minsk and Sofia.

This paper looks at the current situation of the Housing Sector in Belarus and Bulgaria after more than a decade of transition. It explores the specific features regarding the institutional, legal, regulatory and policy environments in both countries and assesses to which extent progress has been achieved in establishing the basic conditions for housing sector performance under a market context. The paper depicts a first attempt of both authors to make a situation auditing and revisit government measures and initiatives geared to establish a sustainable form of housing maintenance and housing stock management. The authors make an attempt to compare the situation in both countries where they work. The paper reviews initiatives to design basic legislation right from scratch in order to adjust to a new regime of home ownership that implies new responsibilities to owners and to new emerging actors such as home owners' associations, condominiums, property management companies and local government agencies. Where possible housing indicators are assembled and some conclusions are drawn.

At first the paper makes a brief description of the housing sector and the context of each country and some similarities and differences are highlighted. Bulgarians were allowed to own housing even during the communist period meaning that the country entered the process of transition with practically more than 90% of the stock privately owned. Despite of being a heavily regulated sector, private home ownership was the principal tenure type but actual free transactions of privately owned housing were only legally permitted after the reforms introduced from 1990 onwards. In Belarus, investment on housing construction by the State accounted to 84-92% of the total at the end of the Soviet period but the share of public and private housing stock accounted to respectively 54% and 46% of the total stock by 1990. The government introduced reforms at this time allowing citizens to acquire the flats they lived free of charge, at symbolic price and through state subsidies resulting in nearly 60% of flats eligible – for privatisation – being fully transferred to owners by the end of the 90's. It is interesting to note that available 2003 data shows that there is a significant reduction of public ownership and the rise of owner occupation, particularly as a result of increasing individual investments on housing.

There is a series of legislation enacted in both countries in order to enable private ownership of housing and government withdrawal from maintenance and management of the housing stock but one can identify gaps and

¹ Mr. Claudio Acioły is architect and urban planner, a senior housing and urban management specialist with the Institute for Housing and Urban Development Studies-IHS, The Netherlands. He is currently team leader of the project "Strengthening Local Governments and the Third Sector in Housing in Bulgaria".

² Mrs. Alena Kasyanenko is an urban planner and lawyer, a senior researcher with the Institute of Regional and Urban Planning-IRUP, Ministry of Architecture and Construction of Belarus. She works with the Belarus Habitat Centre and is directly involved with the monitoring of the implementation of Belarus' National Habitat Plan of Action.

bottlenecks. Furthermore, there is no legal obligation for apartment owners to establish a homeowner association neither the obligation to commit financially each owner to regular maintenance of multi-storey multi family apartment buildings. The situation is deteriorating rapidly in large parts of the stock – particularly in the neighbourhoods where pre-fab panel buildings predominate as housing solution. In Belarus, the situation is not much different from Bulgaria. About 80% of Belarusians live in multi-storey apartment buildings built during the last 40 years. This stresses that the management of the existing stock is a central issue in today's Belarusian Housing Sector with enacted legislation prescribing the establishment of condominiums where privatised apartments account to more than 70%. However, low income, poor citizenship awareness and inadequate public participation, lack of tradition and experience, lack of motivation and passive attitude from residents (expecting the Government to take care of housing as in the past) represent a serious bottleneck for both Belarus and Bulgaria alike former Soviet Republics. Altogether, the paper brings unequivocal evidences that in Bulgaria and Belarus the maintenance, repair and management of communal spaces of the buildings represent a serious obstacle for the improvement of residential quality in the neighbourhoods. The major challenges regard to the organization, management, modernization and operation of a housing stock rehabilitation and refurbishment strategy.

In Bulgaria, the land code and land property rights had to be reassessed and legislation enacted recognised rights of those whose land had been expropriated after world war II. This restitution laws have introduced another layer of legal problems resulting in additional land disputes on areas that are in principle communal spaces of high-rise residential blocks. However, land remains as municipal property and reforms in this area prove to be a difficult and time-consuming process. In Belarus, this process of land restitution did not take place. Land remains as municipal property and land property rights were included in the 1999 Land Code. Only Belarusian citizens can own the land for the purpose of individual house construction. Land parcels where multi-storey dwellings are built on belong to municipalities. Members of condominiums must pay a monthly land tax while the majority of the population simply does not pay for making use of land. This is expected to change with the introduction of the urban land cadastre legislation.

The paper highlights recent measures and discusses the challenges and potentials in both countries after analysing reforms and measures introduced to create an enabling regulatory framework and policy developments to cope with the adverse effects of privatisation and retreat of the state particularly in the areas of building maintenance and management of the housing stock. It seems that the overall feature is the degeneration of the stock, a rapid decline in housing quality and very serious maintenance problems. Not mentioning the changing spatial needs and demands from new housing consumers. Homeowners in multi-family apartment buildings found themselves on their own without the traditional support of government agencies. Capital refurbishment actions and regular maintenance seems to be in a vacuum due to the absence of truly homeowners' associations that legitimately represent flat owners. The absence of legal basis to bring owners to their responsibilities and their inability to cope with financial commitments that homeownership demands are some of the common bottlenecks. In addition the establishment of housing finance institutions and credit facilities is not going hand-in-hand with the needed housing maintenance framework. Professional and commercially oriented property management institutions have not been established as a rule of thumb. That completes the actual challenges.

The paper concludes that operational dimensions of the problem remain as a great impediment to increase the quality of life and the quality and durability of the housing stock in both Minsk and Sofia. But the policy and programme management dimensions are very important as well. The capacity and ability of local governments and residents to act on this problem levels is equally important. If nothing is done to reverse the deterioration process it is likely that the situation will become explosive with large numbers of properties running the risk to become derelict. There are cases where top floor apartments have become uninhabitable as a result of lacking roof maintenance and repair a phenomenon that triggered a chain of dilapidation of the floors below. The paper ends by bringing light on possible prospective ideas on how to tackle this problem.