Chapter 11
Neoliberal Housing Policy and Housing Systems in Transition

Liberalization and housing policy reform in Ghana: Implications for affordable housing and national economic development

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Prior to the 1980s, the Ghanaian government strongly intervened in the housing sector, and its intention was to provide citizens with public housing. As a result, there was investment in state-owned housing corporations, such as the State Housing Corporation and the Tema Development Corporation. The state also intervened in the land market, with the objective of ensuring equitable and efficient allocation of land resources. However, liberalization of Ghana’s economy in the early 1980s has changed the Government’s approach to the issue of housing. It has also changed the way housing is conceptualized.

Among other things, the government aims to encourage the active participation of the formal private sector (both local and foreign) in the housing sector both in the delivery of completed units and production of building materials. The introduction of these reforms have led to the emergence of huge foreign private building firms in the country that are actively involved in the construction of houses. Although the activities of these companies have increased the housing stock in the country, its larger adverse implications cannot be ruled out.

This paper charts the implementation of liberalization policies and the accompanying trends in the housing sector. Specifically, it examines the current housing reforms with emphasis on the implications for low-income housing need, including access to affordable housing and land. The paper also assesses
the implications of these reforms on the activities of the informal housing sector. Finally, the paper discusses the growth patterns associated with the new trend of housing developments in the urban and the peri-urban landscape, and the implications for national economic development of Ghana.

Developing the New Zealand Housing Strategy

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Keywords: housing strategy, current policy issues, future housing needs, key priority areas, consultation process

The New Zealand Housing Strategy represents the first time for a number of years that a government has committed to developing a strategy to address key housing policy issues of the day as well as anticipating future housing needs. This follows a decade in which the rate of homeownership fell from 74 to 68% (between 1991–2001), state housing was sold off, and market rentals were introduced for state tenants.

Over the last two years, New Zealand has experienced exceptionally high net migration and cheap finance which, in turn, have fuelled over-investment in residential property and house price inflation. This has led to mounting concern about housing costs, the “crowding out” of first-time buyers, and the risks involved for households that bear increasingly high levels of debt. While fewer in number, other households occupy unhealthy and unsound housing that can be traced to overcrowding, a maintenance backlog, neglect of housing conditions in depressed rural communities, and poor weather-tightness in some newer housing arising from the relaxation of building standards in the 1990s.

The New Zealand Housing Strategy will set out a 10-year program of action to address these and other aspects of “market failure.” But having started out as a social housing strategy, the vision has been broadened to encompass housing provision across the whole housing sector: “All New Zealanders have access to affordable, sustainable, good quality housing appropriate to their needs.”

Six key priority areas have been identified as the means to realizing the vision:
1. Improving housing assistance and housing affordability;
2. Responding to housing markets under stress;
3. Developing innovative home ownership programs;
4. Developing the private rental sector;
5. Improving housing quality;
6. Building capacity and capability in the housing sector.
The presentation will also outline the approach that the government is taking, including consultation with the following groups who have more specialized needs and aspirations: Maori, Pacific and other ethnic communities; older people; young people; women and children; and people with disabilities.

Scanning gender in Chilean neo-liberal social housing policy: From an apparent paradox to a real opportunity

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Keywords: gender planning, social housing, developing countries

The World Bank (WB) indicated in 2002 the importance of integrating gender perspective in policy design as a tool to improve the impact of such policy on both equity and efficiency (Banque Mondiale, 2001; 2002). Notwithstanding, social housing policies remain sex-neutral in most developing countries. The Chilean case is unique: despite the absence of an explicit gender perspective, the neo-liberal SHP has been quite successful in reducing the housing deficit (to the extent that the WB and UN-Housing often refer to it as an example to be followed (Rojas, 2001). This is both a paradox and an opportunity. A paradox because it contradicts a basic principle: the more a social policy addresses the needs of the people to whom it is intended, the more results it may attain. Clearly, in a context where women are the head of 31.5% of all households (SERNAM, 2004) and more vulnerable to poverty than men, a SHP like the Chilean one is not reaching its whole potential. This very fact represents a major opportunity. As long as the gender perspective becomes integrated in the policy, the specific needs of women will be addressed, making access to property easy and allowing them to fully enjoy the opportunities of urban development.

We studied the Chilean case in detail with the aim of understanding the factors that facilitate (or obstruct) the integration of gender perspective into policy making. Four methods were used: 1) review of documentary sources; 2) semi-structured interviews (N =20) with key players involved in the field; 3) semi-structured interviews (N =13) with women from a marginal setting in Santiago (La Pintana) having made a demand (or having benefited) from a social housing program; 4) focus group with men (N =10) in the same situation and from the same setting as the women mentioned above. Data was collected between 1999-2000 and analyzed with NUD*ISt.

The results showed some consensus among stakeholders in the sense that they believed planning with gender perspective would allow us to better
address the needs of all city dwellers (men and women), which in turn may lead to a more focused and efficient SHP. The conclusion is that to achieve the latter, it will be crucial to: 1) persuade decision makers that by integrating gender perspective into policy design, more results may be obtained with the same resources, 2) implement an information system able to disaggregate data by gender and to create indicators sensitive to gender to monitor and evaluate the position of women in social housing and urban settings, 3) to integrate men and women in the diagnostic and consultation (and then evaluation) process leading to the final SHP design.

Urban redevelopments after Third World neo-liberalism falls apart: Differentiated post-crisis recraftings of place in Buenos Aires

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Keywords: redevelopment, Buenos Aires, structural adjustment

This paper examines unexplored intersections of international indebtedness, urban redevelopment, and post-Fordism across the uneven landscapes of a large Third World city – Buenos Aires, Argentina. While recent macroeconomic crisis ended the particular conditions that had caused a decade-long construction boom, the crafting of place in the city has not halted. Rather, a series of redevelopments are underway, some carried over from the height of the neo-liberal era, some entirely new.

This project looks at the ways those redevelopments vary across residential/commercial sites in the historically unequal political-economic map of Buenos Aires, addressing Puerto Madero, La Boca, Abasto, Mataderos and Palermo Viejo with ethnographic and interview-based detail. But the basis for any comparison must be some similarity; hence this project focuses on how important common threads in the production of place – public/private ventures, tourism, housing changes, and new consumption practices – end up obtaining such different outcomes in the recraftings of place in the wake of neo-liberalism’s very palpable collapse.

This paper uses these findings to speak to pressing “empirical” questions about the repercussions of transnational structural adjustment at the behest of international financial institutions, as well as key “theoretical” concerns due to its innovative use of a regulation-school perspective in the unlikely territory of the indebted global South.
Liberalization and housing boom in India: Challenges, opportunities and constraints

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Keywords: liberalization, real estate, housing policy, India

For about four and half decades since independence, India followed social policy largely based on the Nehruvian ideology of a “socialist pattern of society” that did not provide much scope for an organized private sector to intervene in the housing sector. In large cities, public-sector urban development authorities exercised monopolistic control over land and constructed housing colonies which could hardly meet even a fraction of demand. The mismatch between demand and supply led to the development of unplanned and unauthorized settlements, not backed by adequate physical and social infrastructure for secure and healthy living. In almost all the five thousand cities and towns and five hundred thousand villages of India, housing was largely a self-help activity.

The liberalization of the Indian economy in the early 1990s and a series of fiscal concessions announced in successive “housing-friendly budgets” of the late 1990s, coupled with restructuring of the housing finance institutions and sharp decline in the interest rate on housing credit in recent years, has created a housing boom in urban India where for the first time, at least in some cities and for some segments, the supply has overtaken the demand. Real estate, housing, and home loans have emerged as one of the fastest-growing sectors of the economy, the latter growing almost 40% during the past few years. This has significantly contributed to the overall growth of the economy.

Large real estate promoters and builders and even corporations have entered the market, leading to sharp competition, improvement in quality and increasing emphasis on ethics in real estate business. Various modes of public-private partnership for housing and infrastructure development is taking place in almost every part of the country.

These developments notwithstanding, the country is far from achieving the objective of “affordable shelter for all,” announced in the first National Housing Policy of 1974 and reiterated in the National Housing and Habitat Policy of 1998. The constraints in achieving the objectives are many. The market-driven housing boom largely caters to India’s burgeoning middle class; it hardly answers to the housing needs of the lower middle and the poor class who, as the recently released national census data on housing show, remain ill-housed as before, in the towns as well as in the villages. Various social sector schemes for housing for the poor fail to address even a fraction of the problem.

The housing boom has also exposed the inadequacies of essential infrastruc-
ture such as power, water, sanitation, and transport, which have not grown fast enough to meet the increased demand, leading to severe stress on the existing facilities, choking many cities to a point of physical stress and environmental trauma.

While highlighting both positive and negative features of the recent housing boom in India, this paper explores the opportunities that lie ahead in designing innovative policy interventions for involving real estate builders in constructing houses for the poor and economically weak sections of the population.

Housing policy retrenchment: Australia and Canada compared

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Keywords: housing policy, change, institutions

Housing policy has declined as a policy priority relative to other areas of policy making in many western countries. This retrenchment of housing policy has happened at the same time as the need for affordable urban housing has grown because of increasing house prices and rents and greater income inequality. This retrenchment has been pronounced in the mass homeownership Anglo-Saxon societies. It is important to ask, “Why has housing policy retrenchment occurred at the same time as accepted measures show increased housing need?” This is a question about housing politics, or the making of housing policy.

This paper seeks to understand policy retrenchment in Australia and Canada based on the idea that comparative analyses can deepen explanations of complex social and economic processes. There are similarities in the patterns of urbanization and political economy of both countries. Further, they are both mass homeownership societies with large private rental markets and small social housing sectors that are experiencing increasing housing need. Of course there are also differences such as the distribution of powers between governments within the two federations, approach to rent controls and the origins and development of social housing.

The paper, against this background of similarity and difference, responds to the question by analyzing developments at two levels. First, there has been a type of regime change in both countries from Keynesianism to neo-liberalism in the context of the changing global economy that has framed policy making, including housing policy. Second, against this background the analysis focuses on contingent institutional developments in each country associated with distinctive changes in housing policy and programs. This institutional analysis
focuses on the way in which housing policy problems in each country are framed; state agency arrangements shaping policy processes, in particular federalism arrangements; and the broader civil society constituencies that interact with state actors to shape housing policy.

The argument drawn from this analysis is that groups within the Canadian and Australian states and civil society constituencies, despite considerable evidence about new forms of market failure and increasing levels of housing need, have been largely unsuccessful in converting this research evidence into an accepted policy problem. Instead, the private market continues to provide housing for the vast majority of purchaser and renter households. Processes reviewing and modifying the way producers and consumers in these markets are supplemented remains normal housing policy.

The beginning of the end of the Chilean housing model: Lessons to be learned from over 20 years of experience

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Keywords: housing policy, subsidies, poverty, Chile

Over the past decades, Chilean housing policy has made considerable efforts to reduce the housing deficit and has managed to contribute to the construction of over 100,000 units yearly, an impressive figure considering the country’s population and in comparison to other Latin-American nations. The model has been thoroughly analyzed, researched and discussed over its life span. It was considered revolutionary in its time due to its pioneering way of approaching the housing problem, through demand-side subsidies, at a time when supply-side ones were the norm and self-help housing and housing upgrading were the most important types of housing interventions. The application of the housing model is impressive in its magnitude and continuity, serving as a model for other countries that attempt to import it either fully or partially, recognizing its efficiency in Chile and its potential; however, seldom are the flaws critically considered.

Though a significant number of housing units have been built through a consolidated financial market and a complex assignment system, the policy manifests physical, social, environmental and social policy issues. The programs focus mainly on new housing developments, usually built on the urban periphery due to land costs, thus promoting a rapid urban expansion process. The peripheral setting causes serious problems to the residents’ quality of life and that of overall urban dwellers’ quality of life. The products being sold have also
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created greater urban and social segregation and an over-concentration of highly vulnerable families in excluded areas, enlarged the disparity in access to urban services, worsened local living conditions, increased environmental contamination, urban security problems, led to deteriorating urban and historic centres, and increased transportation costs. Centralized decision-making inhibits the right to cities by urban residents, especially the urban poor, who have little option but to reside on the outskirts of cities or engage in the until now halted illegal land invasion process.

Some of the deficiencies in the housing policy have been recognized and improved, mainly in terms of the construction quality, the need to target more accurately very low-income groups and ways to include location costs in the cost of housing. However, much improvement is still required in terms of understanding the housing process as a whole, particularly recognizing that the system is slowly being privatized, indicating that the current housing policy is at the end of its life span. This paper will discuss such issues including the areas where other countries could learn from the Chilean experience.

Social modelling of affordable housing: Russia vs. the rest of the world

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Keywords: social housing policy, Russia

Social housing policy in Russia as compared to North America and European Union is the subject of this paper. The research embraces housing programs, governmental bulletins, and analytical reviews. To analyze them, a conceptual framework has been proposed as a set of social models which are implicitly or explicitly presented in any speculation on housing, including the models of society as a dweller and as a doer of affordable housing; contents of life (dwelling) and social process of housing development; housing problem and need; the role, status, and functions of social housing; and the social qualities of affordable housing.

There are considerable differences between Russian and western models. Russian policy makers do not use income level to identify applicants for affordable housing. Even though the notion of "low-income families" is in use, the income benchmarks have not been specified. Only those who belong to some special groups will find themselves on the waiting lists for sure, including "participants in liquidation of nuclear wrecks and catastrophes" (e.g., Chernobyl), "families leaving the Far North regions," veterans, etc.

Community is not taken as an important factor, either a family or a popula-
tion and its statistical groups are the main figures of Russian housing policy. The presence of people making no effective housing demand is a major component of housing problems. Social segregation and exclusion, unfair housing policies, and other similar topics have not been considered as problematic issues or regarded in policy documents.

The two principal actors on the social housing arena are Gosstroy (“the Russian HUD”) and municipalities. From policy making to estate management, housing development is treated as a highly bureaucratic and paternalistic procedure where people are just “informed and explained” on what authorities do. Worldwide urgent topics of “participation” and “partnership” have not appeared yet in Russian housing policy as practical issues.

The model of affordable housing is specified least of all. Its standard and building types are argued. It tends to be regarded as a mere shelter and that contrasts to western approaches where it is seen as a basis for a decent living. A narrow pragmatic vision dominates in affordable housing quality evaluation. Though sustainability and safety have been mentioned among its principal features, no criteria are suggested to measure them. Affordability itself is not checked for various income brackets among tenants and applicants for social housing. Many crucially important issues such as housing and the general welfare of low-income families, its contribution to social cohesion, to health and education, are totally beyond governmental discourse.

General advancement of Russian housing reform associates with the market component and there is a severe lack of progress in social subsystem where outdated conceptual models and approaches still dominate.

The housing-welfare state relationship: Still wobbly after all these years?

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Keywords: housing policy, welfare state, Great Britain

This paper is concerned with the problem of how to characterize the housing-welfare state relationship. The image of housing as the wobbly pillar under the welfare state was first used in 1987 by Torgersen and endorsed in 1995 by Harloe, whose comparative survey of social rented housing in Europe and the United States led him to the conclusion that housing had “an ambiguous and shifting status on the margins of the welfare state.”

This view was taken up by housing scholars, especially in Britain, where 18 years of Conservative government was seen to have privatized much of the public housing stock, reducing the remainder to a poor-quality sector for the
least well off, thereby undermining claims that adequate and affordable housing for all was still a credible policy objective. Now, however, 25 years after Margaret Thatcher’s first election victory, it is possible to argue that in certain respects housing is emerging as a model for the wider restructuring of the public services.

The paper begins with a discussion of the need to take a view about how to approach the concept of the welfare state, and concludes that, especially when thinking about housing, where income from employment is the main determinant of material well-being, it is helpful to adopt a broadly based approach (as distinct from a narrow, public service–based approach).

The next section looks at the complexity of the housing-welfare state relationship, suggesting that if the focus shifts from public expenditure to achieved housing welfare outcomes, then it becomes clear that although housing policy was not shaped primarily by the kinds of ideas usually associated with the Keynes-Beveridge welfare state, it nevertheless benefited greatly from the welfare state and in particular the policy of full employment.

The paper then presents a review of the evidence on housing and welfare state trends in Britain, arguing that although housing was singled out for public expenditure cuts and privatization in the 1980s, this should not be seen as a sign that housing was proceeding in a different direction from other services – it was merely preceding them, pioneering changes that have since been adopted more generally.

While housing remains distinct from health and education in the size of the private market as a supplier of individual welfare, in terms of the organizational settlement of the welfare state, housing has been the pathfinder. Whereas the organizational settlement of the postwar welfare state gave a leading role to elected local government as service provider, a process of “demunicipalization” is now well advanced, pioneered by housing since the mid 1970s and more energetically since 1988.

The paper concludes by suggesting that if housing also emerges as a model for other services in terms of the balance between the private and social sectors, then it is to be expected that they too would experience the sorts of intractable difficulties found in the residualized social housing sector, and in the market sector where income inequalities are increasingly reflected in levels of material well-being.
Housing policy regime and different market situations: Use of grants towards low-income groups

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Keywords: housing policy, grants, welfare state, market liberalization

This paper concerns the use of grants towards low-income groups under different situations in housing policy in general and under different market situations.

The housing market and housing policy in Norway have gone through large changes during the last 15-20 years. In the housing sector there has been a change from general to means testing in housing policy, and the housing market has been liberalized. This is also an international trend in housing. However, compared to other European countries, the public housing sector in Norway is very small and a large part of national housing is consequently privately owned.

Some issues are particular to housing. Housing policy is part of a welfare concept and at the same time it is handed over to market forces. This issue creates great challenges. The political goals can be hard to reach when the market aspects are so important.

Based on this issue I will study the effect of grants as a housing policy means and how grants have been distributed to low-income groups during the last 20 years. The importance of market liberalization and changes in policy will be emphasized. I will therefore study these policy means over different periods, before and after market liberalization and policy changes. This will be done by analyzing data from the different periods.

The New York City Public Housing Resident Alliance and its fight against the imposition of the neoliberal agenda

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Keywords: public housing, neoliberalism, grassroots alliances

This paper will present the results of a study of how public housing tenants in New York City (The New York City Public Housing Resident Alliance - NYCPHRA/The Alliance) have responded to the current neoliberal environment. Neoliberalism is understood to be the predominance in policies and practices in the US of the rule of the market: cutting taxes, reducing public
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expenditure for social services, deregulation, privatization, and elimination of the concept of “the public good” or “community” and replacing it with “individual responsibility.”

The New York City Public Housing Resident Alliance (NYCPHRA), is a city-wide organization of public housing tenant associations from each of the 5 boroughs in New York City that have united to confront the challenges and attacks facing public housing and its residents. The NYCPHRA has been forced into a reactive position by efforts to dismantle public housing that arose in the U.S. in the mid-1990s and continue at the time of writing. The group informs and organizes residents, represents resident interests to the New York City Housing Authority (NYCHA), the U.S. Department of Housing and Urban Development (HUD), and to elected officials.

The focus of the research is NYCPHRA’s work to win further implementation of Section 3 of the 1968 Housing and Urban Development Act. Section 3 mandates that all renovation and construction within public housing give priority to employing public housing residents. Section 3 has gone largely unimplemented since 1968. Nearly 30 years after its passage, public housing activists, unions and advocates sought to resurrect and implement Section 3 in their search for possible counters to the new austerities in social welfare programs, including efforts to repeal rent caps in public housing and to place limits on the amount of time that a household can spend in public housing. Its efforts to win further implementation of Section 3, the NYCPHRA formed alliances with organizations with which it had not previously interacted, including, most importantly, trade unions.

The responses of the NYCPHRA to the neoliberal environment are important to consider for a number of reasons. Ignoring the historical and structural impediments faced by inner-city public housing residents, an important and defining characteristic of the neoliberal agenda, is to the severe detriment of individuals in the inner-city and the communities there.

The research looks at the NYCPHRA and its work to implement Section 3 through the lenses of Lefebvre’s “production of space” framework, geographic scale and through a structural racism perspective. It takes into consideration the usual ebbs and flows of everyday life in public housing and the ways in which public housing activists and advocates have confronted (sometimes more successfully than others) obstacles placed in their path by the “misunderstanding” of and disregard for the needs of public housing residents.
The future of social housing in Eastern Europe: Reforms in Latvia and Ukraine

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Keywords: housing policy, social housing, Eastern Europe, Latvia, Ukraine

The transition from a command to a market-based housing sector in Eastern Europe has major implications for more than 450 million people. Across the region the sector has become the “shock absorber”, providing some stability and security within a framework of rapid economic and social change. A decade after the initial reforms, housing markets have shown some signs of recovery, but housing production has remained historically low, the existing stock has deteriorated and homelessness has increased.

On the fiscal side, most of the reform efforts so far have centred on the elimination of production and consumption subsidies for housing, which has led to major decline in public housing investment. On the financial side, policy reforms have supported the transition from a highly subsidized system of housing finance to a system driven by private initiative and real costs of housing services to consumers. Housing policies have been marked by emphasis on privatization of public housing and general deregulation of housing markets.

While earlier comparative studies have focused on similarities in the reform process, recent comparative research has emphasized the importance of path dependency and divergence depending on policy choices. This paper supports the view that housing systems in Eastern Europe will become more diverse in the future and the diverging performance of their housing markets will increasingly depend on the consistency and coherence of policy reforms. In particular, the choices made with respect to the social rented housing will be critical in defining the type of housing system that is emerging.

The paper explores the impact of housing reforms on public rented housing in Eastern Europe, using Latvia and Ukraine as case studies. The focus on public housing is important, since in both countries municipalities and state institutions are the major social landlords. Rent structures are not sensitive to demand or quality of housing services and allocation decisions rely on bureaucratic processes.

The limited success of housing reforms, particularly in Ukraine, has critical implications for the financial sustainability of the sector. Drawing on comparative work on social rented housing provision in Western Europe, the paper argues that in transition economies where the sector is large, reforms need to
focus on rent policies that ensure cost recovery for services with targeted "in
cash" support for low income households. By contrast, in countries where the
sector is small, reforms need to define its social character and role in the provi-
sion of "in kind" subsidy.

Integration of the Slovenian urban system: From dispersed
suburbanization to sustainable metropolitan region

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Keywords: dispersed suburbanization, sustainable housing, post-socialist transition

The paper focuses on urban transformations that began in the late 1980s and
accelerated after the change of political system in 1991 (proclamation of Slove-
nian independency) and introduction of free-market economy. Contrary to the
majority of Western European countries, which experienced intense urban
growth after the Second World War, the Slovenian urban system was marked
by a distinctive form of polycentric development, supported by specific politi-
cal decisions.

The diminishment of agricultural activities was not followed by intense
migration to urban areas and could be better described as moderate urban
growth. Due to the phase of restrained, unfinished urbanization in the socialist
period, the Slovenian urban system now faces an intense suburbanization pro-
cess, which poses a challenge (i.e. threat) to the future development of a sustain-
able urban structure.

The population census from 1991 shows that small settlements surrounding
core urban areas prevail over densely populated areas (more than 50% of settle-
ments have fewer than 100 people, 10% of settlements have more than 500 peo-
ple and only 15% of settlements have more than 10,000 people). The process of
dispersed suburbanization continued during the 1990s. This can be observed in
the increase in the number of dwellings in detached houses (especially in subur-
ban areas of big cities) and, at the same time, as the number of multi-dwelling
buildings (representing from the ecological point of view a more sustainable
urban form), decreased in relative terms.

The paper shows that the post-socialist transition period affected the Slove-
nian urban system by reducing the capacity to develop sustainable housing. The
case study of the Slovenian capital Ljubljana shows how the process of subur-
banization is connected to the expansion and improvement of infrastructure
systems (e.g., transport and telecommunication systems). Enhanced accessibil-
ity of the extended Ljubljana periphery represents an attractive compromise
between the benefits of urban (i.e., employment and urban services) and the benefits of rural areas (i.e., good natural conditions).

The increasing number of people, who would like to live the urban way of life and have better access to natural areas could be a positive trend when carefully combined with strategic spatial planning based on development of the whole urban region. Otherwise, enhanced accessibility could act as a support to negative suburbanization trends and help to increase the dispersion of small settlements across the country.

Housing in Georgia

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Housing in Georgia

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Keywords: Georgia, homeowners' association, post-Soviet housing situation

Georgia belongs to the transitional countries, which from the inner social-economic standpoints maintained Soviet inertia up to the present. This condition is especially evident in such vital fields as housing. To change the situation, it is necessary to start with critical analyses of the situation on all levels and aspects of the problem to which the present article is dedicated.

From the time of Bolshevik Revolution of 1917, during the whole history of Soviet Union, housing represented a powerful mechanism to manipulate society. During the Soviet regime, housing policy took a populistic shape; the best example is absurd permission to add superstructures to existing multi-storied houses.

Later on, the Military Junta handed the flats over to the people who already resided in them. Thus, at one stroke a new stratum of owners was created who had no idea that ownership means not only rights but responsibilities as well.

Legislative normative base does not respond to the demands of current life. The entire national housing stock structure is not determined on the legislative level. For instance, housing is not considered in the living minimum calculated for the consumer’s basket with other social-economic indicators; there is no concept of social housing at all. Legislative definition of Home Owners Associations (HOA) by the Civil Code of Georgia (1997) might be regarded as almost the only advanced step.

From the institutional standpoint, the crucial role must be executed by the above-mentioned HOAs. Although HOAs are regarded as so called “natural organizations,” practically they are not founded due to a number of reasons.

Common property remains undetermined in the condominiums – it was not officially handed over the HOA.

The financial-economic aspect of housing still remains terra incognita. There
is a lack of financial support, the mechanisms of mortgage do not work, the official monitoring of price/rent of dwellings are not held, the real estate market is developing spontaneously. A great amount of housing stock is collapsing. The situation was complicated by the earthquake of April 2002 in Tbilisi, when more than 22,000 houses suffered damage, some of them are beyond reconstruction. Obligatory insurance is not spread over the remaining houses; the authorities did not do any work to respond to the consequences of the earthquake.

Urban management in Georgia has not been affected by current reforms; Housing problems are connected with the exclusive authorization of local government and self government, but self-governance bears only formal character. It is worth mentioning that spatial planning documentation of the “New Generation” has not been elaborated for any of cities in Georgia.

Against the background of all the above problems is the crucial mental, social, and physiological state of the population. “The basic person” in the society remains Homo Soveticus, which could be characterized as dependant.