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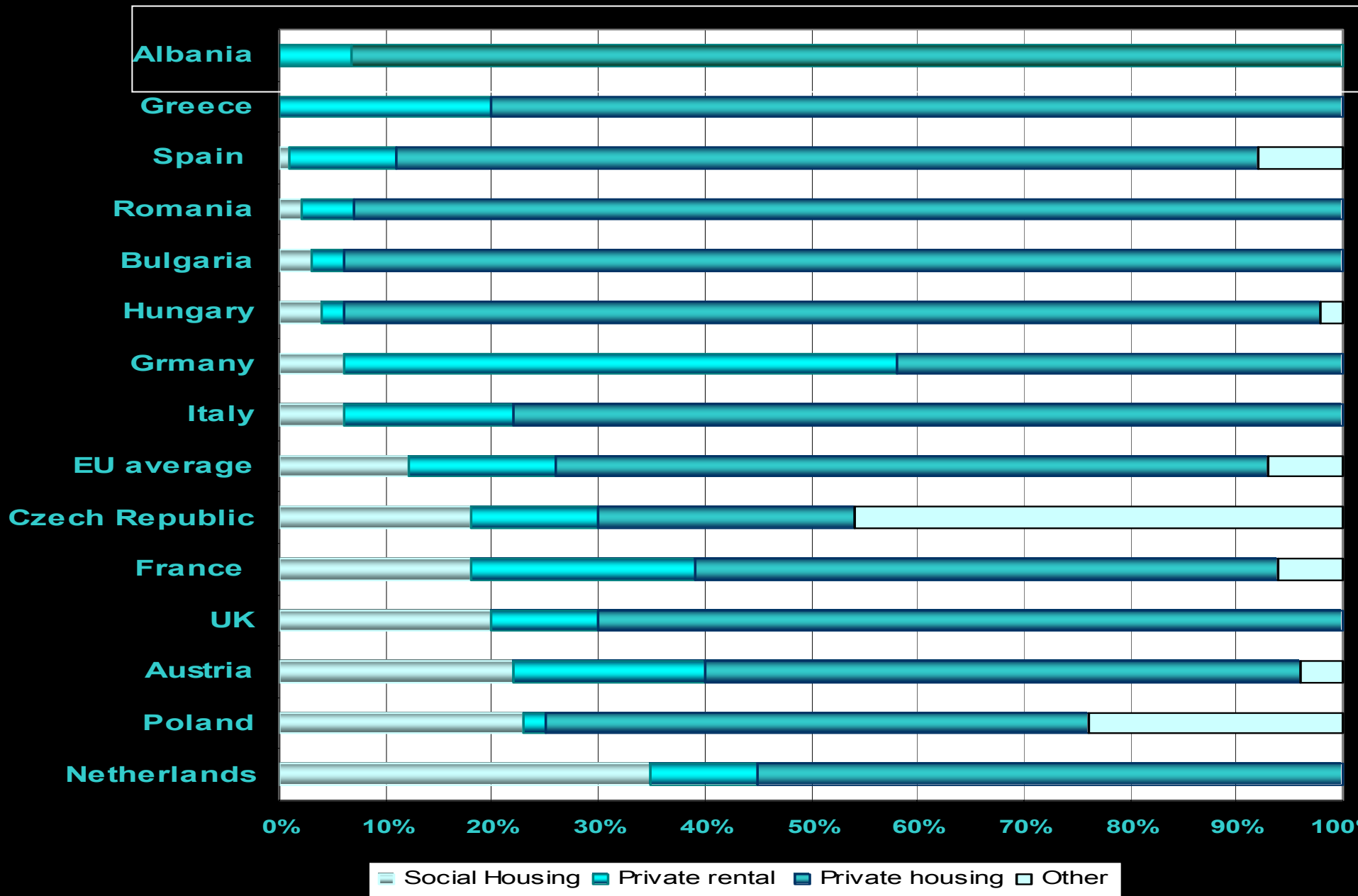
Albania

Housing Estates in Albania – Trends, Challenges and Opportunities

Main market trends affecting housing: Albania vs. EU

- Regional mismatches;**
- Housing shortages in areas of strong economic activity;**
- process of degradation of the quality of the stock;**
- insufficient levels of new construction of affordable housing;**
- high share of home-ownership in most Member States**

Tenure structure in some of the EU countries
(Struktura e pronësive ne disa nga vendet e BE)



Private ownership of houses – pros & cons

■ Pros:

- Security;
- Inheritance;
- Social position;
- Economic benefit;

■ Cons:

- Critic affordability;
- Reduces mobility;
- Deterioration of the housing stock;

Main social and demographic trends that affect housing: Albania vs. EU

- **ageing population**
- **Immigration/migration** (cities like Birmingham, Marseilles and Malmo is made up of more than one third ethnic minorities)
- **the higher number of households arising from a decrease in household size;**
- **large and increasing proportion of single people households**

Main policy developments in the field of housing in EU & Albania

- **the decentralization of housing policy** (at different degree in different countries),
- **the privatization of public housing** (pressure to limit the role of the state)
- **a reduction of public finance**

Albania – the “Nation of Homeowners” – Privatization of public houses

■ Policy analysis - Privatization:

– the pattern:

- Fast;
- Free of charge;

– the effects:

- Development of private market;
- Housing as a commodity – not just shelter;
- Deterioration of the housing stock;



Albania – the “Nation of Homeowners” – property restitution

- **Policy analysis - Property restitution :**
 - a substitute to land use and planning instrument



Albania – the “Nation of Homeowners” – legalization (or privatization)

- Policy analysis – private market development:
 - Neo liberal (*laissez fair*) approach:
 - Development lead by the private market;
 - Relaxed control on development;
 - Informal housing;



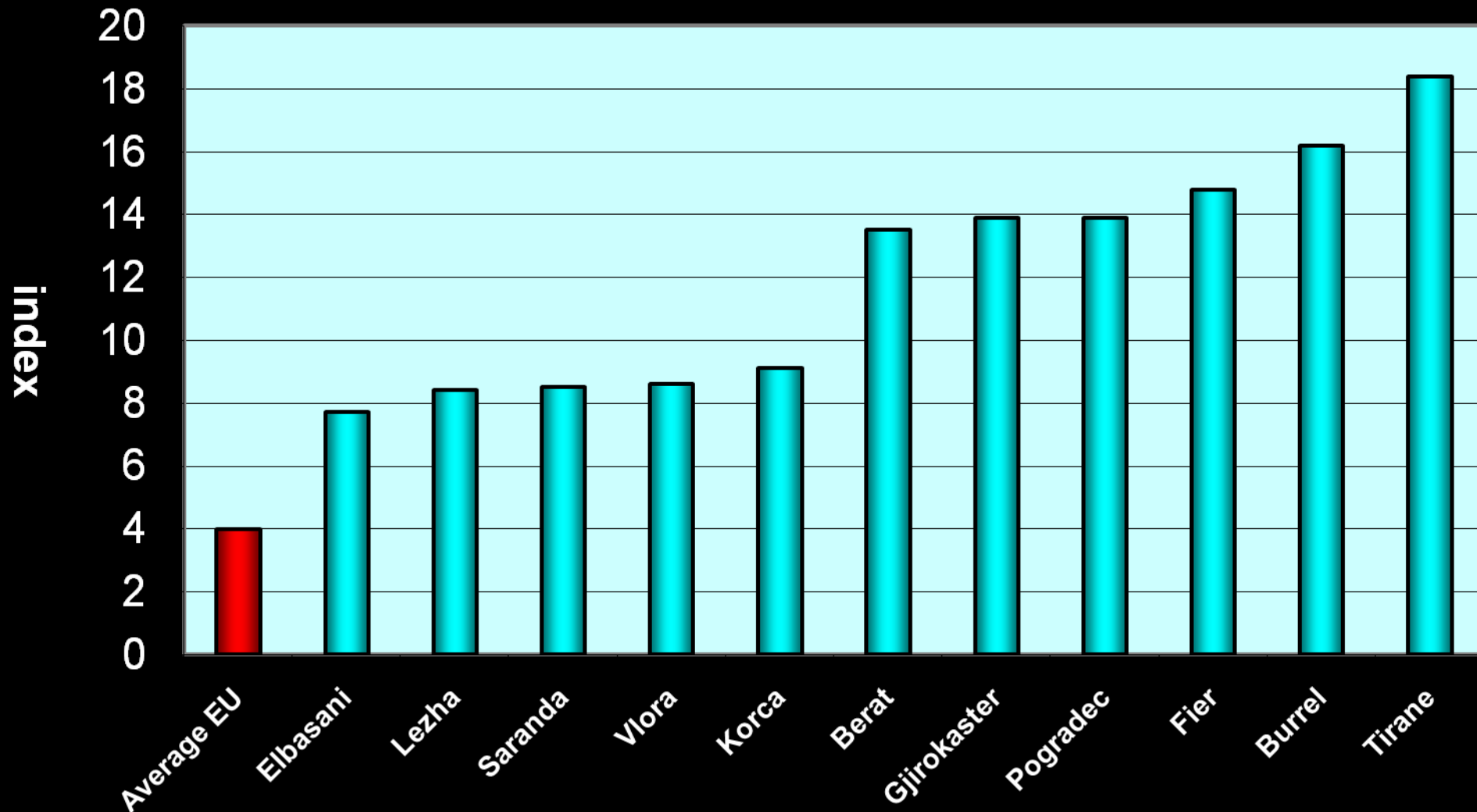
Policy responses at EU level

- **Decentralization** – requires reinforcing the links at local level between households, local actors and housing providers;
- **Targeting the provision of social housing** at certain groups with special needs;
- **the development of the rental housing sector**, both social and private has become a key priority in a number of countries (Spain, France, Hungary, United Kingdom)

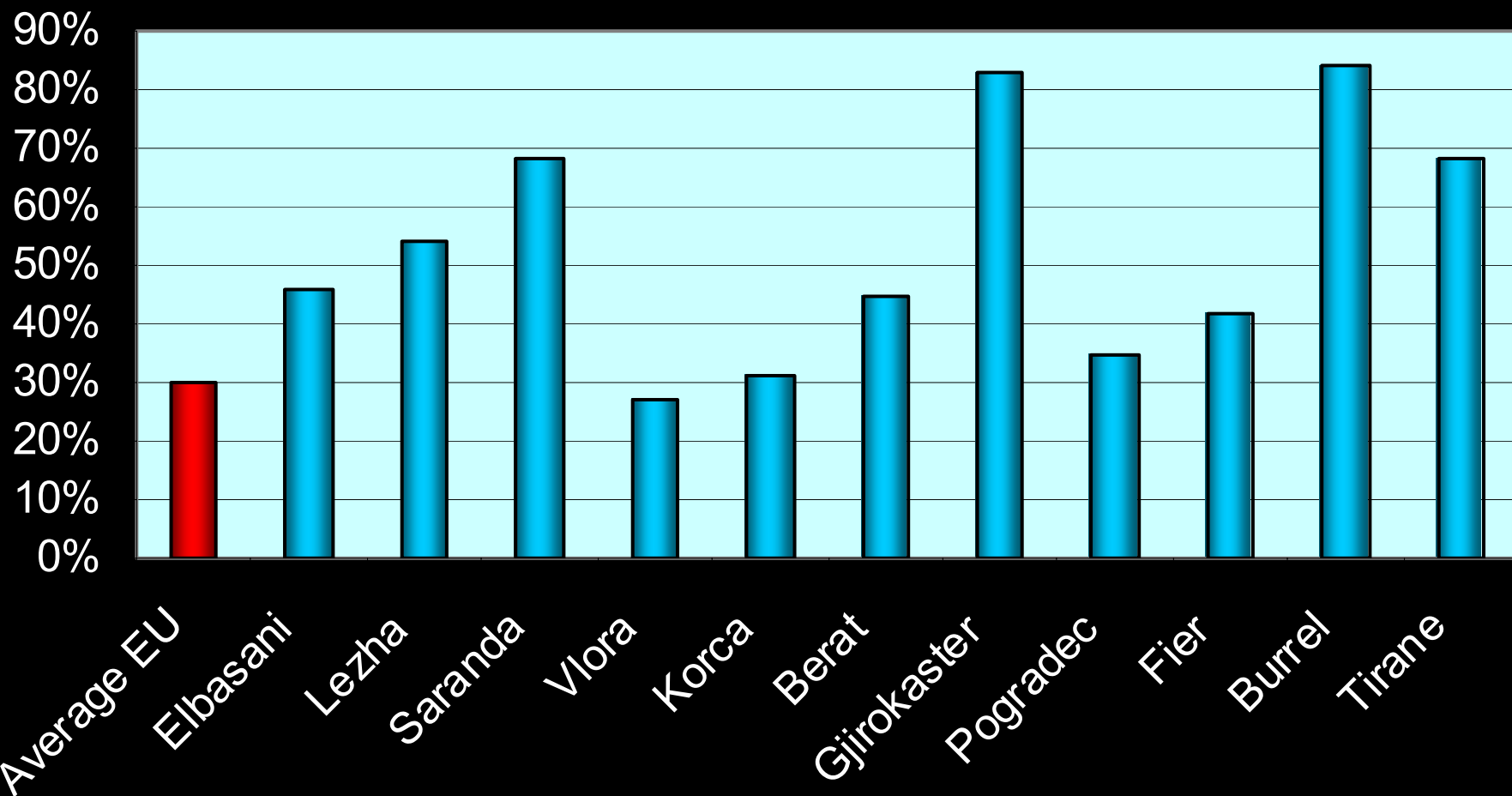
Policy responses at EU level

- **Promoting the construction of affordable housing i.e.:**
 - **GB**-Prime Minister, Gordon Brown, has committed to raise house building to 240,000 units a year by 2016;
 - **Spain**, The Housing Plan for 2005-2008 includes:
 - measures facilitating new construction,
 - rehabilitation of existing stock and occupation of vacant dwellings through rental tenure;
 - urban planning legislation establishes that in each new urban development a minimum of 30% of the land must be used for 'protected' (i.e. social) housing;
- **the rehabilitation and renovation of existing stock**

Tackling the affordability issue: Housing price to income ratio



Tackling the affordability issue: House rent to income ratio



Policy responses - Albania: Housing Renovation & Maintenance

1. Development of legislation

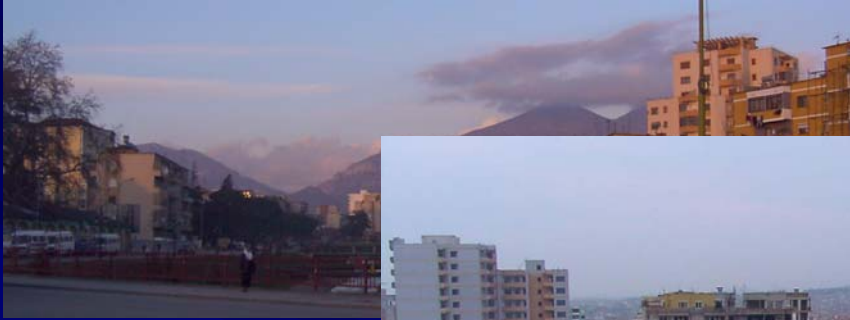
2. PPP for renovation & maintenance



Increased value of the housing stock

Policy responses to housing market conditions

- Legalization



Potential effects

1. Legalized houses are sold

New immigrants buy

Sellers will look for a house in the inner city

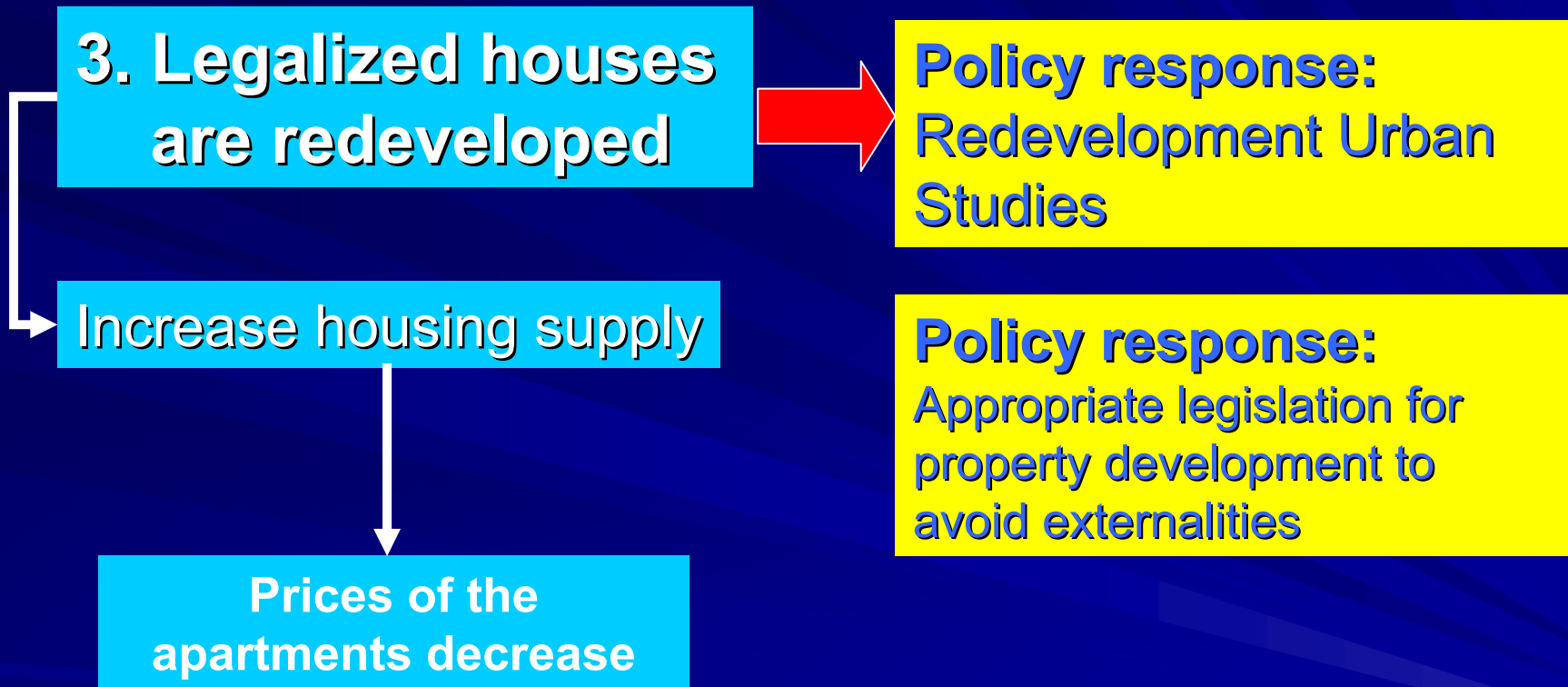
Prices of the apartments increase

2. Legalized houses are not sold

No effect in the housing market

Policy response: Urban studies for residential areas

Potential effects



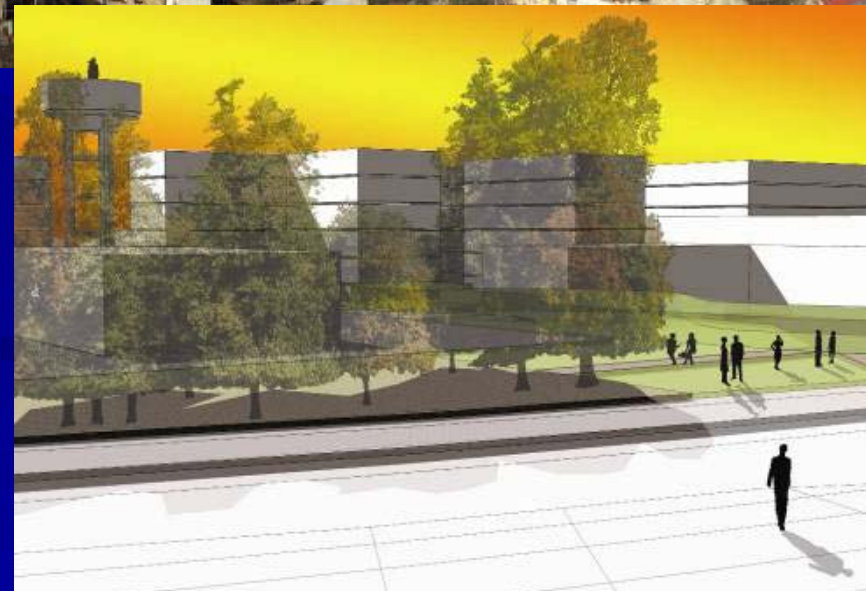
Policy response to affordability and mobility

1. Social Programs for Housing

Pamje Perspektive

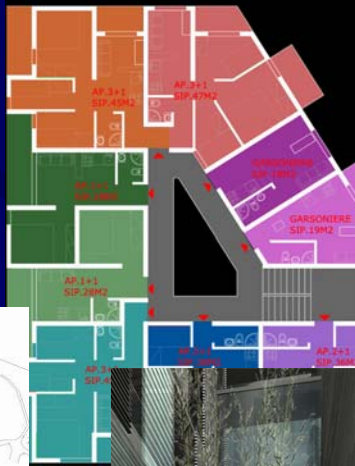


Pamje Perspektive

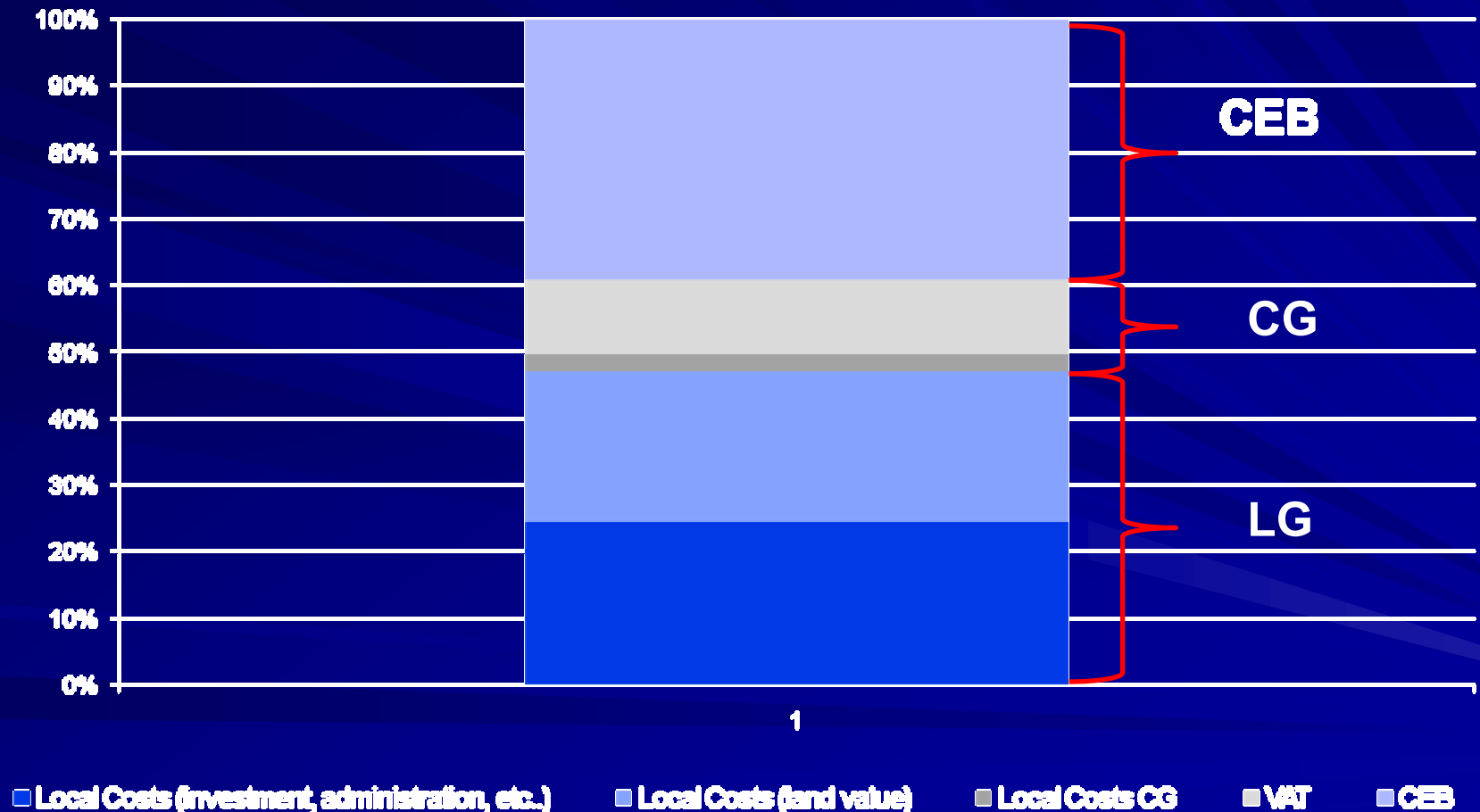


Response to people's mobility

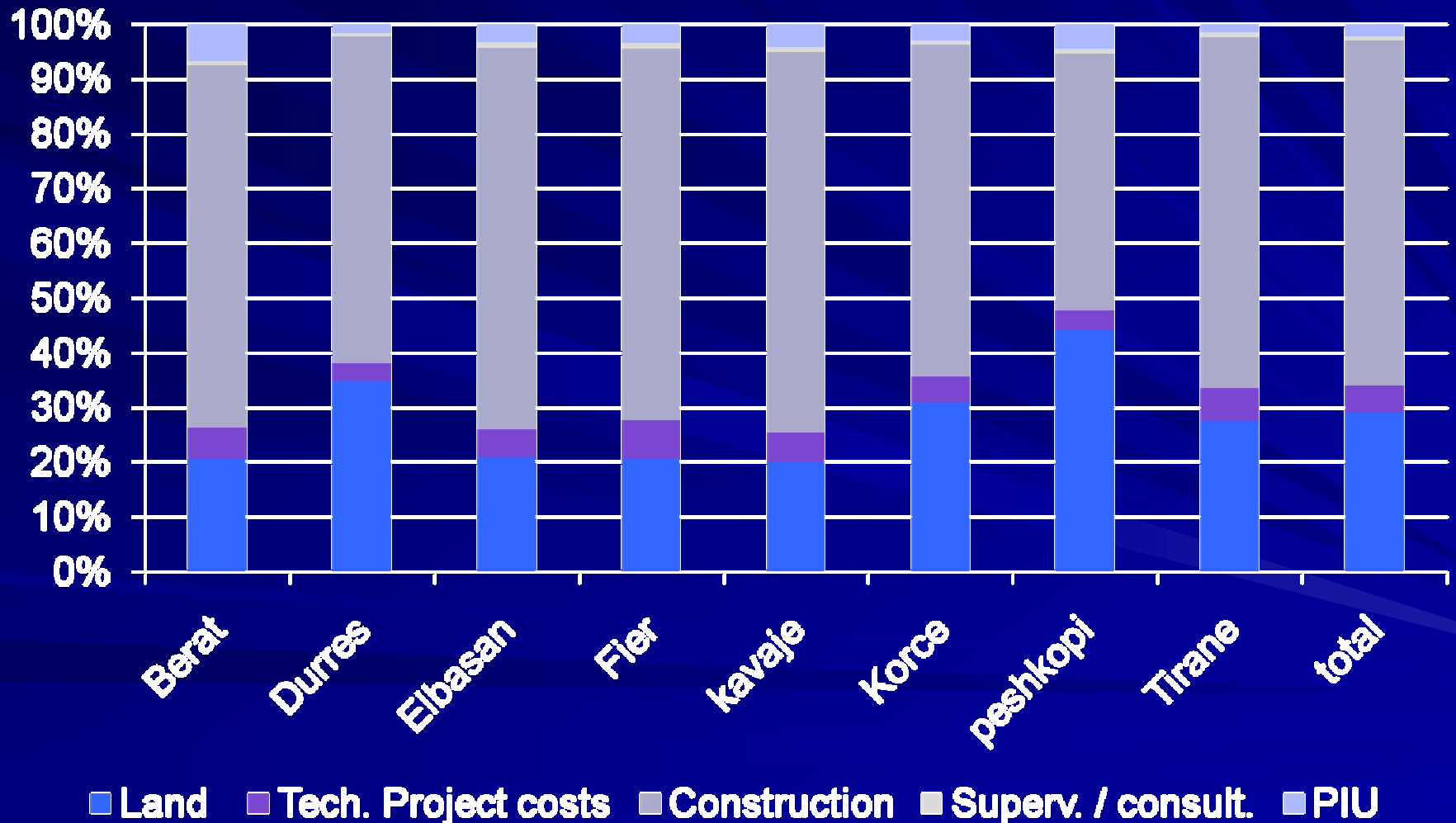
Response to affordability



Social Housing Project: Sources of finance



Social Housing Project: main project costs



Social Housing Project: main challenges

- Budget constrains;
- Time constrains;
- Local administration capacities;
- Low rents for cost recovery;
- Free public land constrains;
- A learning by doing approach – de facto decentralization

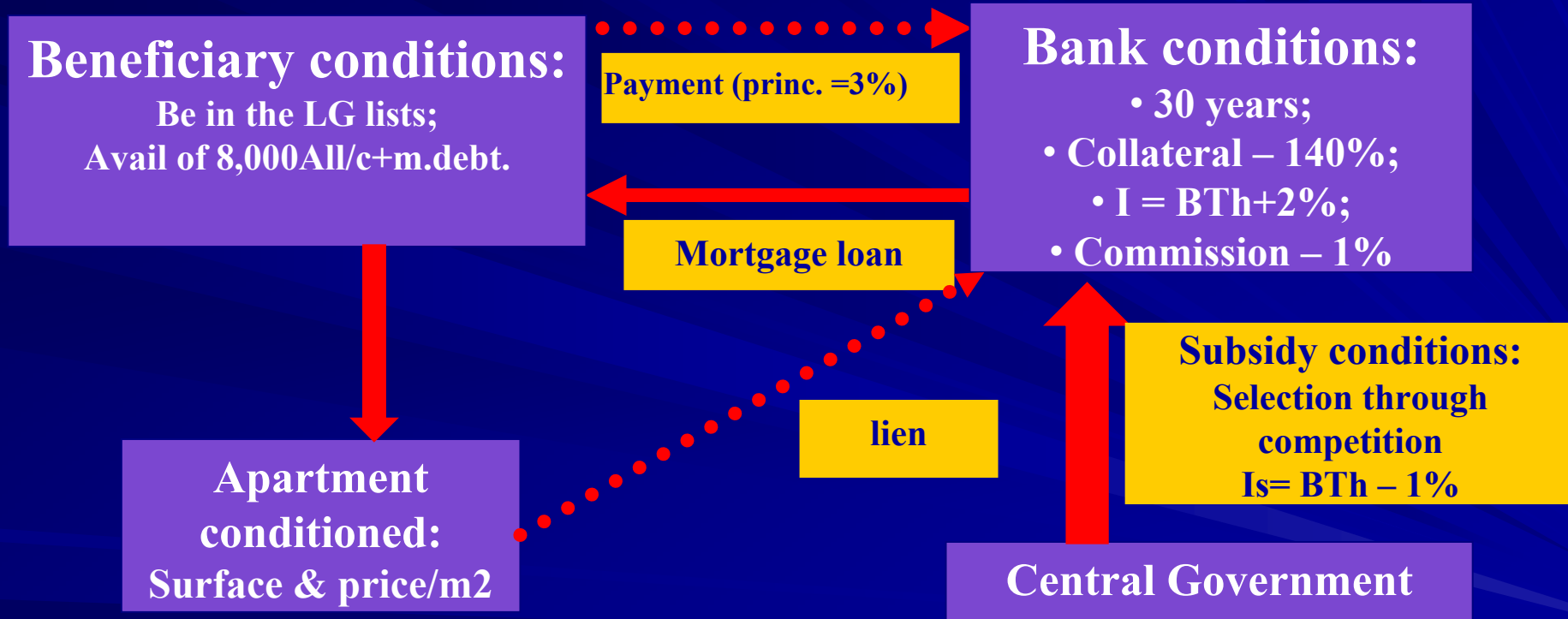
Policy response to affordable housing (Ownership housing)

2. Partnerships with :

- The banks;
- The developers (TDR);
- Landowners;
- Local government;
- Central government;
- Interested people

Policy response: Partnership scheme 1

Banks + Central Government + Beneficiaries



Policy response: Partnership scheme 1

Banks + Central Government + Beneficiaries

■ Positive Effects:

- Increase competition between banks;
- Leverage of housing stock
 - support for the builders

■ Challenges:

- Increase of the housing prices;
- Unforeseeable budget;
- Risks associated with the homebuyers

TDR – Transferable development Right)

Policy response to affordable housing through PPP

Government
Policy framework

Municipality
Tirane/Durres

TDR Program register

HH Name	Compensation (m2)	DR
	30	50
. Bhatina	45	75
S. Dhono	35	58
Etj..	Y	1.6xY

Owner / Builder (occupant)
Development applications

- Development appl. already with TDR;
- Independent development appl. that can be associated with TDR
- On site and other site TDR;

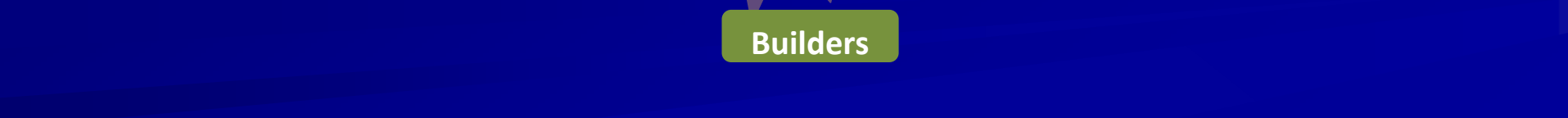
- ❖Market making/ supporting;
- ❖Active brokering TDR with develop. Applications;
- ❖Managing TDR allocation within market conditions

Tenants

Land owners

Market response to TDR

Builders

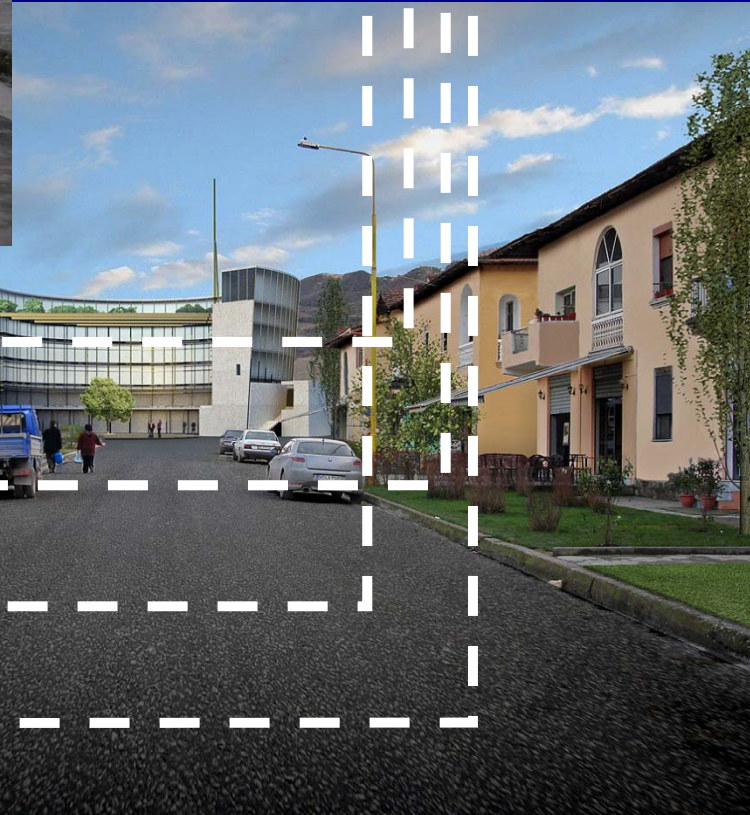


Policy response to affordable housing through PPP (option 3)

Redevelopment of Brownfield



Effects of redevelopment projects

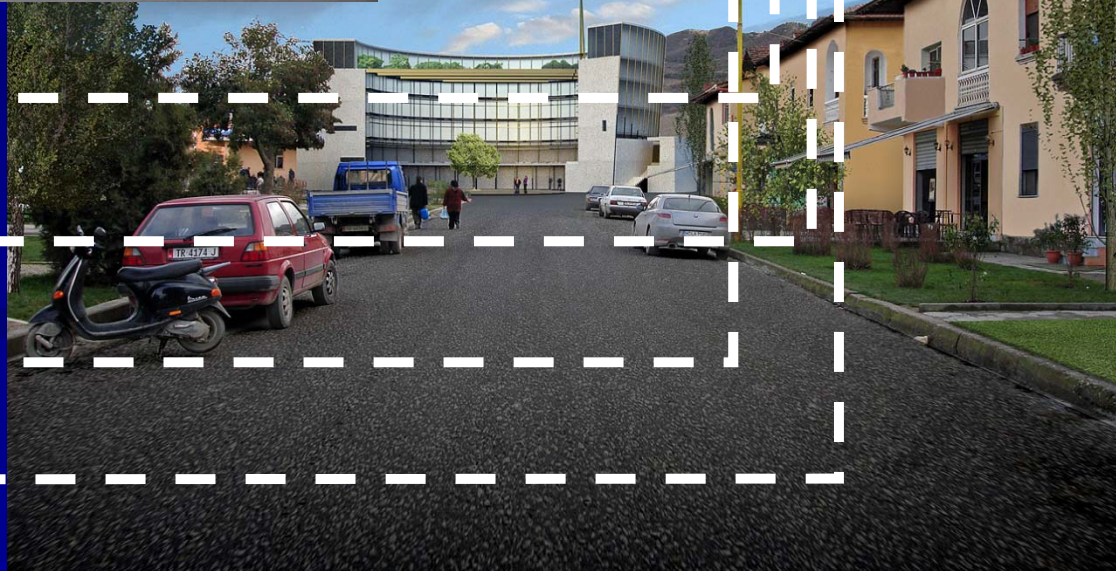


Improved living conditions;

Improved local economy;

Generates jobs;

Improved image of the city;



Preconditions for PPP

- Clear property titles;
- State/municipal owned land;
- Already approved urban plans/studies
- Well established tax system;
- Good negotiation skills

Conclusion

- The sustainable development of housing estate needs improvements and maintenance;
- Analysis of the housing markets are needed for increasing affordability;
- Urban studies are prerequisites for housing estate development;
- Property titles need to be finalized ASAP;
- Social housing need to be developed carefully, so as to be affordable for the state and end-users

Thank you !



Faleminderit !