

Assessment of social housing programmes in Croatia as a part of residual social care

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/Abstract/

The paper is a result of a recent survey on housing social programmes in Croatia. In transitional countries with small public rental sectors, the role of housing allowance system is rather marginal. Such programmes to a greater extent meet the urgent needs of very low income families than they increase housing demand.

Policy framework of housing allowance system is a part of social care policy and it is in whole the responsibility of local and partly regional authorities. In comparison with housing allowance policy in other transitional counties, it is evident that here we are dealing with residual social programmes.

After the public housing sale in the beginning of 1990s, there was no legitimacy for investment in social housing construction. Social housing construction is a task for local authorities and from empirical evidence it seems that several larger cities are paving the way of local social housing programmes. Without the support from the national level, these social housing initiatives will remain marginal both in size and importance.

The results of this research are discussed in the light of recent development in the housing market caused by the new economic crisis.

Keywords: Croatia, housing, social rental housing

Introduction

This paper gives an insight into housing policy inheritance from the socialist period, and briefly presents major trends of changes in the Croatian housing policy from 1990 onwards. The paper informs about the current housing policy programmes and their achievements. An overview of situation in social housing is substantiated by the results of recent researches, and the author points out the initiatives and possible resources for the development of this part of social policy.

Housing policy inheritance from the socialist period

Although the investment in public housing units was one of important priorities during the socialist period, the stock of public housing was 25% of total housing stock. This stock was mainly concentrated in larger cities. For example, in Zagreb, as the capital, in 1991 public housing units represented 45% of the housing stock in that period.

The programme of public housing construction was decentralised and related to working organisations. Employed people were paying contributions, (same as for pension, health and employment insurance) to fund on the level of working organisations. Housing funds were mostly invested for public housing and distributed to “workers” with higher education, higher income and stronger political position. On the level of local authorities, it was a common practice to make joint investments to build limited numbers of public housing, in fact social housing, for low income families.

In the end of the 1980s, the following housing policy programmes existed in Croatia: public housing construction, marginal social housing construction for the lower income people, housing allowance and housing loans under favourable conditions. Subsidies related to the purchase of building material VAT-free, for housing units construction in socially organised construction and building of housing units and family houses through housing co-operatives (Bežovan and Dakić, 1990). Subsidies also existed to obtain the building sites, in that time nationalised, under favourable conditions for public housing construction and even to build family houses in private ownership through housing cooperatives.

It is important to stress that in the socialist period there was no relevant practice of social housing construction for lower income households, as housing programmes - public housing and others, were mainly for the middle classes. Such practice will be very much path dependent for current involvement of the state in housing provision. Path dependency issues

can be recognised in practices of housing policies in other transitional countries (Hegedüs, 2007a.)

Main trends of changes in the Croatian housing policy from 1990 onwards

After the political changes of 1990, the first government announced the implementation of a comprehensive housing reform and reassessment of housing rights. Housing contributions for employed people were cancelled, as well as the role of the companies in providing for the housing needs of their employees. That change was accompanied by the changes in the institutional framework of housing policy. Former municipal organisations, which had been in charge of the construction and maintenance of public housing, were first colonised by incompetent people from the party that won the elections, and later privatised, so that local authorities remained without the professional potential for dealing with housing issues.

The new Constitution (1990) does not mention responsibility of the state to help the citizens in meeting their housing needs. Withdrawal of the state from the housing, deregulation, privatisation and strengthening of free market relations were the housing policy characteristics in Croatia in the beginning of the 1990s (Bežovan, 2008a). Decentralisation of competence, in sphere of housing policy, to the local level as in developed countries, having in mind financial resources of municipalities, remained so restricted that active housing policy could not be prepared and realized (Lux, 2003:408). Such circumstances can be seen as “political deficit” in process of setting up effective housing policy.

The most important part of the housing reform implemented during the 1990s in Croatia, as well as in other countries in transition (Hegedüs, Mayo and Tosics, 1996), is the sale of public housing - a “give away” privatisation. The process of selling public housing was taking its course concurrently with the process of denationalisation. Several social groups became the victims of this process, while the new political elites gained considerably, as they obtained expensive housing units for small amounts of money. A part of the money from the sale of public housing was supposed to be spent on social housing construction. However, this legal provision was practised by a very small number of local authorities (Bežovan, 20004.).

The sale of public housing changed the housing tenure structure (Table 1). Social housing today, having in mind recent practice of sale, is less than 2% of the housing stock.

Table 1: Housing Tenure Structure in Croatia and in Zagreb in 2001

Housing Tenure	Croatia		Zagreb	
	Households 1,477,377	100.0%	Households 275,464	100.0%
Homeownership	1,225,235	82.9	222,697	80.8
Private renting	49,259	3.3	11,742	4.3
Social housing	42,195	2.9	9,630	3.5
Renting part of the flats	12,570	0.8	2,630	0.8
Housing with relatives	110,008*	7.5	23,375	8.5
Others	38,110	2.6	5,731	2.1

Source: Census, 2001.

*Professionals from Statistical Office think that 60% of these are on the private rental market.

Restitution of the land to previous owners influenced problems with urban planning. The price of urbanised land is in constant increase. In such circumstances local authorities are faced with the problem to ensure land for social housing.

The war in Croatia 1991-1995 caused numerous housing problems: refugees, displaced persons, demolition of housing units and infrastructure. With regard to housing policy in the second half of the 1990s, the priority was the renovation of housing units and housing estates, and accommodation of the victims of war (Radić, 2004.). Through the housing programme for the war veterans and victims of the war, from 1997 to 2006 approximately 5,500 housing units have been built. The programme is more part of the clientelistic political agenda than well targeted and efficient housing subsidies to families with housing needs. On one hand, this investment is a kind of substitution for the national social rental housing programme¹.

Housing allowance is a part of the social care system and is the responsibility of local authorities, and regional authorities subsidise the costs of fuel. In total, approximately 2.4% of Croatian households are included in these programmes (Bežovan, 2008). Housing allowance program is visible only in larger cities, but in smaller places in fact it does not exist. In case of electricity price increase and in the debate on the gas price increase to market prices government does not see the relevance of a housing allowance programme to cope with this issue².

¹ Ones Croatia had a similar housing infrastructure to Slovenia, but housing reform potentials in Slovenia are more effective (Mandič, 2007). The war in Croatia mainly stopped such reforms in housing sector.

² Recently accepted anti recession measures don't respect current housing issues.

The introduction of VAT (22%) for building material and services in 1996 increased the price of newly built housing units. In the previous period, no VAT was added to the price of building material and services in the construction industry.

The housing savings programme was introduced in 1998. Related to the debates on the efficient spending of the money from the state budget in 2005, the state incentives were reduced in 2005, so that they amount to 15% (instead of former 25%) i.e. 750 HRK³ (prior to that 1.250 HRK per depositor who saves 5,000 HRK per year. Approximately 10% of the citizens are involved in the savings banks programme. According to the research of Tepuš (2006), this programme is not very competitive on the housing market. As beneficiaries of this programme mainly come from households with a good housing, there are requests in public debates for a serious evaluation of the housing saving scheme.

The long-term loan programme for families younger than 35 was introduced in 1998, and it lasted for two years only. Simply and without any explanation, the new government stopped the programme.

In 2001, the new government introduced state subsidised housing construction as a centralised, top down programme of helping the families that are buying the first housing, the so-called POS programme. The program has been promoted as the project of one political party (Tepuš, 2005.) The prices of such housing are considerably lower than the prices on the market. Until the end of 2008, within this programme 4,619 housing units were built⁴. Within the programme, a partnership with local authorities for the social housing construction is offered⁵. Local authorities should ensure land and infrastructure, and the state ensures favourable loans. However, only one city has used the resources for these purposes and constructed some 60 housing units. As there was no evaluation of the results, it is not clear what are the real contributions of the programme to pave the way of the new housing policy.

Since 2003, a tax benefit for the real property tax in the amount of 5% for persons who are buying their first housing unit has been introduced. A tax incentive has also been introduced, through which investment for buying or building an apartment or a house i.e. investment in maintenance of a housing unit, and interest rates for housing loans are accepted as expenditures in the income tax. Total tax exemptions are restricted to the amount of 12,000

³ 1 HRK is 7,3 EURO.

⁴ When the new government came in power in 2003, that programme was no longer a political priority and consequently less and less housing units have been produced.

⁵ As a demonstration of the political will, without adequate legal provision, government proclaimed setting up of non-profit housing organisations in the hands of local authorities. Two larger cities have such institutions and now they are implementing mentioned governmental programme of buying the first housing.

HRK. Recent research give the evidence that tax incentives are more and more important for the first buyers (Bežovan, 2008a).

At the same time, a benefit for the payment of rents has been introduced. Namely, tenants can use the tax benefit for income tax on the basis of a renting contract. As limited numbers of landlords are willing to make the contract, this measure has not produced adequate effects.

Water charges for new building housing (a kind of environmental tax) was introduced in 2005. This charge amounts to 30 HRK/m² in Zagreb, while in other parts of Croatia it amounts to 20 HRK/m². In the areas of special state concern the charge is 7.5 HRK/m². This is yet another governmental measure that contributed to the increase of the price of housing⁶.

Housing programmes and tax incentives for housing support higher income households. Similar trends are in other transitional countries (Hegedüs, 2007a). Authorities, national and local, were not interested in the offered programmes of foreign assistance that aimed to promote social housing construction and the development of non-profit housing organisations. A part of the professional public considers that such actions protect the interest of the construction lobby, which is often called “construction mafia”, as it is not in their best interest to show that affordable housing can be constructed.

The domination of unregulated market supported by favourable housing loans, in circumstances of the limited role of local authorities in land policy during the last five years increased housing prices. In such circumstances, affordability is a crucial developmental issue⁷.

Housing building boom in recent years in the country and in the capital does not inspire the government and cities to invest more in social renting housing (Table 2). Housing building increase in larger cities is driven by demand of well off families who are investing money in real estate. The decline of the housing market in 2008 was being influenced by economic recession and the forecast of economy decline by 4% during 2009 will limit the financial capacity of local authorities to invest in social housing. With that development, limited ability to raise money for purchase and credit crunch are bringing housing prices down. According to estimations, only on the housing market in the capital there are 6 to 7 thousand unsold housing units, what can illustrate housing market crisis and pressure for price decrease.

⁶ Recently the city of Zagreb proposed to the government a reduction of water charges for the social and public housing construction.

⁷ Very high housing prices in Croatia, in comparison to even better developed country, can be explained with influence of real estate prices at the Adriatic coast (Sunega, Bežovan, 2007).

Table 2: Number of newly built flats for permanent housing in Croatia and in Zagreb in the period 1991-2007

Year	Croatia		Zagreb	
	Number of flats	Index	Number of flats	Index
1991	12,623	100	4,740	100
1992	7,767	62	2,813	59
1993	8,343	66	2,162	46
1994	9,710	77	2,417	51
1995	7,359	58	1,906	40
1996	12,624	100	1,784	38
1997	12,516	99	2,118	45
1998	12,557	99	2,245	47
1999	12,175	96	2,482	52
2000	15,988	127	2,530	53
2001	12,580	100	2,580	54
2002	18,047	143	3,341	70
2003	17,877	142	4,627	98
2004	18,763	149	4,015	85
2005	19,995	158	4,771	101
2006	22,121	175	6,139	130
2007	25,609	203	8,895	188

Social rental housing

The Law on Housing Renting from 1996 made public housing that were not sold, and in which lower income households live, the housing with protected rent⁸. This means that these are social housing units. The local authorities own these housing units, and the government determines the level of the rent. Housing units in the stock of social housing are small, in average 55 m², poorly maintained and regularly older. In fact, it is a marginal part of housing stock "... of socially and economically marginalized people" (Tsenkova, 2003:203). For Hegedüs (2007:174) it "...is the most dilapidated part of the housing stock and where the poorest households are concentrated". Housing units constructed with the funds from public housing sale and housing units based on the rights of Croatian veterans are parts of this stock.

Some 4,500 households, former tenants with the housing right in privately owned housing, belong to this tenure. Housing owners - landlords, demand the restitution of these housing units, and the cases of forced eviction of protected tenants are frequent. Many disputes are submitted to the national and international courts with regard to these housing units. The money from the sale of public housing should have been used to accommodate

⁸ Housing with protected rent is official expression for social housing. That expression is unknown to the general public and people, and local authorities also use the expression social housing.

these victims of privatisation. However, there was no government's initiative and political will to solve this problem.

Rent in social housing is very low, amounting to 2.36 HRK/m² (0.32 EUR), which is not sufficient for the maintenance⁹. A low rent is a part of the clientelistic type of governance. Local authorities and housing owners as landlords suffer losses due to that. It is one of the reasons because of which the landlords, mainly local authorities, are selling these housing, but under the conditions less favourable than those used for the sale of public housing. Part of tenants is not willing to pay such low rent and landlords are not having means to deal effectively with this issue. Willingness to pay rent is a problem in the other transitional countries (Hegedüs, 2007).

During its term of office from 2008-2011, the government has not planned the new measures for social housing¹⁰. Problems of the housing for vulnerable groups and the need to develop social housing programmes are presented in the Joint Memorandum on Social Inclusion of the Republic of Croatia prepared in 2007 within the programme of the European Union accession¹¹. One of the priorities is the national programme of social housing. Yet it has been shown before that such grammatical documents are not being implemented.

Research results

Within the research of housing allowances practice in the Croatian cities conducted in the cities with more than 20,000 residents in the beginning of 2008, a mail survey was sent to 31 cities, and we received responses from 26 of them. A part of the research related to the social housing issues (Bežovan, 2008). Besides that, four case studies of practice in social rental housing in four larger cities (Zagreb, Velika Gorica, Varaždin and Karlovac¹²) have been done as a part of the project. The scope of case studies was the analysis of current housing situation on the basis of statistics and information from relevant stakeholders of housing market performance. Through analysing the data of housing programmes arranged by cities or government, case studies gave the evidence about their importance and efficiency. Having in mind the available information assessment, social housing needs have been made.

⁹ It could be count as one of the lowest social rent in the region.

¹⁰ International promotion of social housing like, ECE-UN *Guidelines on Social Housing, Principles and Examples*, hasn't impact to Croatian government.

¹¹ www.mzss.hr, there are some expectations of local stakeholders that through EU government can be forced to start some social housing programmes.

¹² Population in these cities are: Zagreb 800,000 Velika Gorica 70,000 Varaždin 42 000 and Karlovac 60,000. The first three cities belong to developed part of country without serious negative influence of the war. Karlovac was affected by the war in terms of demolition of housing and infrastructure, it was a place for refuges camps, and the war negatively influenced economic development of the city and surrounding area.

Interviews with mayors of each city and the official responsible for housing gave the evidence to assess housing as a political priority and governance issue.

Most social housing units are in larger cities: Zagreb 7,657, followed by Rijeka with 476, Varaždin 390, Osijek 369, Velika Gorica 284 and Split with 249 units.

Twelve cities state that they experience problems with households that moved into such housing illegally. In Zagreb, where there are 2,282 units moved into illegally, this can even be seen as a political issue¹³. It is 30% of social housing stock.

During the past ten years, the number of social housing increased very slowly only in five cities, in eight cities it is almost the same, while in nine cities it has decreased. As the number of social housing has increased in only five cities, we can see it is a residual social care programme that cannot meet the increasing demand for social housing¹⁴.

Research has checked whether the protected tenants have the possibility to buy the housing units they live in, i.e. has the city made the decision to sell them. Nine cities made the decision to sell these housing units, and that is the number of cities in which the number of social housing units is decreasing. The insight into the practice of such sales to the sitting tenants shows that speculative interests are often behind such transactions, and that these housing units, after renovation, are later sold for larger amounts of money. Karlovac recently started with the sale of old and poorly maintained flats to the sitting tenants. The city is without means for improving the quality of life in these flats, and it is one way how they justified reasons for the sale.

Some large cities that have most of such housing units complain that, due to low rent which are not sufficient for maintenance, they are covering the losses for managing and maintaining these housing units. Recently the city of Zagreb has prepared a decision to sell these housing units because of the losses in their management. The decision contains some provisions to prevent speculations with this sale. In the case of putting such flats on the housing market, the city has the pre-emption right. The ability to overcome the deficit in governance (Tsenkova, 2003:203) is crucial for the housing sector overall.

It would be expected that the cities invest in new social housing construction. Namely, funds from the sale of public housing owned by cities should have been spent on social housing construction. However, only twelve cities have invested in social housing

¹³ Zagreb local authority several time tested general public offering alternatives to solve this problem.

¹⁴ Workshop with representatives of cities was a part of the project. From the debates on workshop, it is very clear that social housing is a marginal part of local social care programmes.

construction during the past ten years¹⁵. Bearing in mind the size of cities, most social housing was built in Varaždin (140), Zadar (126) and Osijek (105). Cities most frequently buy housing units on the market from their budgets, and pay for them prices higher than those for which they could construct them. Larger number of social housing units (approximately 900) and public rental units (approximately 800) are in construction as the investment of capital Zagreb¹⁶. Public rental program is an innovation on the Croatian housing market. Younger families with more children are eligible for public rental programme. Rents are higher than in social housing and lower than on the private rental market. Only families with reasonable income are eligible for this renting programme. It is a subsidised programme in which rent has been calculated on the basis of construction costs of the flats, without the value of land and infrastructure.

This public renting programme from Zagreb shows its capacity to become the role model for other larger cities. Mayors and officials of other three cities from case studies do see public rental housing as more important than social rental housing. Public housing for them is an investment in competent labour force, and with such a program they see possibilities to attract young professionals who should be employed in public services (schools, health and social services, police, local administration). Public rental housing is understood as an investment in real development, while social renting housing is more seen as a “necessary evil.”

From the debate with the representatives of larger cities it is obvious that without any incentive for the national housing policy with regard to the investment in social housing construction, it is not to be expected that the cities would invest more in this development. In general central government capacity (Hegedüs, 2007) is crucial for sector development and sustainability (Hegedüs, 2008). POS programme for social housing construction does not provide real incentive. It is only implemented in Varaždin, where there is non-profit housing organisation, while other cities are very reluctant because of its centralisation¹⁷.

In nineteen cities there are priority lists, based on applications, so that the households that will get social housing in the next several years have been selected already. Evidence on

¹⁵ Under the pressure from the trade unions, in 2007 the government set aside 11.5 million HRK from the proceeds of the sale of public housing for the programmes of accommodation of civil servants and employees (Bežovan 2008b). Trade unions developing strategies of partnership with local authorities think also about the social and public housing construction.

¹⁶ The part of this programme is also support to the first buyers, young families, offering affordable housing units on less attractive location. “Zagreb’s model of house building,” in fact, has been developed in opposition to mentioned centralised governmental programme.

¹⁷ Mayors from oppositional parties to the Government see that they are not welcome in that programme, or, as in the case of Zagreb, feel that they are enough strong to make it without support from the state programme. .

demand for social housing and institutionalised practice of housing distribution through public calls is a part of local housing programmes in a relatively small number of cities¹⁸. All four cities from the case study have such practices. The city of Varaždin, having shortest period of waiting on the list, is the most efficient in meeting the needs for social renting housing.

As it was mentioned earlier, low rent calls into question the sustainability of the social housing project. In the survey, city representatives have been asked to agree with the following statements (Table 3).

Although protected rent is really low and cannot be compared with the market rent, the attitude of seven cities that protected rent should not be increased seems confusing. For example, market rent on an averagely attractive location in Zagreb is approximately 50 HRK per m² (7 EUR). Thus on the subtenant's market, the rent for an apartment of 40 m² amounts to 2,000 HRK, while protected rent for such an apartment is 94.4 HRK.

Table 3: Level of agreement with statement on social housing project sustainability

	Yes	No	No answer
Protected rent should be increased	12	7	7
A considerable part of protected tenants are not poor households	10	8	8
Level of rent should be determined by the cities, owner of housing	18	2	6
Adequate level of protected rent in your city should be .. per m ²			

Researchers can often hear the attitudes of the employees in local authorities, as well as others who deal with the housing issues in a wider sense, that protected tenants are not always poor households. The representatives of ten cities support such opinion. Does it mean that the criteria for allocation of social housing should be more means tested and prescribed by the national law (Lux, 2003:416)? In general, development and administration of targeted programmes is a serious issue (Hegedüs, 2007). Some cities point out the problems related with rent paying, and the cases of demolition of new social housing units are frequent.

Eighteen cities consider that they, as the owners of social housing, should determine the level of protected rent. Cities provide different answers to the question about the amount of protected rent, and suggestions range from reducing it to 1.55 HRK per square meter to

¹⁸ Social housing programmes can be seen as a concept of local welfare state development. Level and numbers of social rights in larger, in fact, richer cities have a magnetizing effect for young people.

increasing it to 8 HRK per square meter. The workshop debate, having in mind sustainability of social rental housing, came out with conclusion that rent should be, at least, 1 euro (7.3 HRK per square meter).

Mayors and local official in case study cities are aware of the cost ineffective rent issue. On that topic, they advocate debate in parliament.

Allocation of housing units with protected rent to scientific, cultural and public workers, as a part of the socialist inheritance, is practised in nine cities. The city of Zagreb has allocated 142 such housing units during the past ten years, Split allocated 41, and Zadar 46 housing units. In seven cities, increased rents are paid in such housing units. Rent in Koprivnica is 12.75 HRK per m², in Zagreb 11.80 HRK, and in Rijeka 8.71 HRK¹⁹.

From the debate in professional circles and from the information in the media, it is evident that, as a part of social care programmes, cities should have certain numbers of flats as shelters for families who found themselves living in the streets. The survey results say that 23 cities are without such services, and three cities did not give an answer. One city stated that they have so-called necessary housing, a room with common usage of the bathroom for families in urgent housing need.

The homeless, as an increasing vulnerable group in Croatia, can count on the social care programme in seven cities (Zagreb, Rijeka, Split, Osijek, Zadar, Karlovac and Varaždin). The shelters for the homeless with certain capacities are found in larger cities, where homelessness is an emerging problem. In three cases, the cities organise and pay for the costs of shelters, and in three cases they do it in co-operation with civil society organisations. From the recent research it is evident that it is now a social risk mediated by numerous factors (Bakula- Anđelić, Šostar, 2006.). Civil society organisations, providing advocacy and mobilising additional resources, are more efficient than cities in providing social services for this socially excluded population.

With regard to the assessment of the housing situation in these cities, the survey offered the following statements and got the following results (Table 4).

The statements about the increasingly expensive flats, young families who find it difficult to get housing, high rent on unregulated market and the increase of the cost of housing that threaten the living standard can be interpreted as reliable indicators of the housing crisis in these cities.

¹⁹ In the city of Zagreb such allocation of housing units is now a part of public rental housing programme and rents will be higher. Mayors often distribute this type of housing units to important professionals as an investment in cultural or social development of city.

Table 4: Statements on housing situations in cities

	Yes	No	No answer
Flats are increasingly expensive	20	2	4
Young families find it difficult to get a flat	21	2	3
Market rents are high	19	2	3
Housing costs are increasing and that threatens the living standard	21	2	3
Cities should construct social housing	22	0	4

Mayors from case study cities are aware of the housing issues and the problem of affordability. The government is responsible for tax policy, so mayors can only advocate measures for control black housing rental market. Black housing rental market is the dominant type of housing renting in all four cities. They are looking for the solution who to provide housing allowance for families who are renting flats without contract.

Needs for social renting housing in the four cities have been estimated on the level of 3 to 5% of the whole housing stock. Housing needs assessment, quality of life survey and document of local housing policy are seen as relevant for discussions in city councils. Mayors and local government official recognised housing problems for the elderly and in the search for different solutions, once again the main obstacle is the investment deficit.

In eleven cities, mainly large ones, civil society organisations that advocate housing programmes or help families at risk are active. Mainly, they provide services for the homeless. There is a foundation in Zagreb that builds social housing and rents it, almost free of charge, to families with many children²⁰.

In the end of the survey, city representatives has been asked to write their thoughts on the previously mentioned issues and give possible suggestions for the recognisable and innovative role of the cities in housing policy.

Smaller cities do not see the responsibilities and capacities of their departments dealing with general social activity in the area of social rental housing. City of Zagreb and Varaždin do have capacity, while two other cities from case study, Karlovac and Velika Gorica, are almost without any capacity.

The representative of a larger city that is more active in this area suggests the following: “We believe that currently the most acceptable model of housing construction is the combination of social housing and public rental construction. In that sense, we could use the loans through the Council of Europe Development Bank – CEB. Local self-government

²⁰ It would be expected that the type of social housing units built by this foundation, specially due to its cost and design, will attract certain cities to use it a model.

simply must take the initiative and start the housing construction. At that, the state would be responsible to ensure incentives and benefits through the tax policy.”

In a long comment, the representative of a city with more than 40,000 inhabitants concludes: “There is no social housing or planned housing, nor is there a housing policy in our city. Housing in the city depends on private entrepreneurs and developers who are imposing their unrealistically high prices. Young families with lower incomes and the wider circle of the population in general can hardly afford an apartment under such conditions. After the public call, the city makes the priority list for the allocation of rented housing owned by the city. After they get such rented housing, users gain the status of protected tenants, without the possibility of any change, for example the purchase of housing, if the living circumstances of the family change. The number of applications for the social housing is high, and a relatively small number of the families from the list actually get the apartment, since there is no housing construction, so families from the list get the apartment after the previous user/tenant dies or leaves the apartment for any other reason. The question arises why there is a public call if there are no apartments to allocate? Maintenance and management of city owned housing is a problem, because the apartments that are renting are frequently neglected and inadequate for living. Through the construction of housing for some kind of public renting, young families and persons who are now in the unfavourable housing status should be enabled to rent housing for lower prices than the ‘underground’ prices, which are determined without a contract and without a possibility to get housing allowance.”

General comments from the debate in the workshop show the lack of pressure of local stakeholders to cities to deal more with social rental housing. Among them, workshop participants recognised potentials of the trade unions and the church²¹. Investment deficit, sources from city budgets, is going to be long lasting obstacle for social housing development. Lobby groups of construction companies should pay more attention to the investment in social housing. For the time being, banks, which are gaining big profits from market housing building project, are very reserved to make partnership with cities for such programmes.

Conclusions

Housing programmes in Croatia supported by the state are intended for middle classes and support the households that purchase their first housing.

²¹ The Church in the restitution process getting back big stock of real estate, and recently in Zagreb the offered partnership to city in building social rental housing on the land they got in restitution.

National programme of social rental housing does not exist. This problem was left to the local authorities, as a marginal part of local social care programmes. Although there are expressed and registered needs, a small number of larger cities invest limited funds in social housing construction. With such cost ineffective rent, the programmes of social housing construction are not sustainable.

The social housing issues belong into the wider area of social policy, which is fragmented, marginalized and deprofessionalised. On the other hand, priorities of the pension and health reform seem to question the legitimacy of the debates on social housing. Even, employment policy is not among the priorities of the government. Relevant stakeholders are not care about social rental housing and some of them are suspicious about it mission. The needed social capital for the development of social rental housing is not visible.

The policy measure of selling social rental housing, which is increasingly supported by the cities, would decrease the share of social housing in housing stock. Omnipresent policy of liberalisation and privatisation, which has deeply imbued the attitudes of average citizens, puts into question the very idea of the construction of housing that is not privately owned. Low level of trust and inefficiency of local institutional infrastructure dealing with housing issues are further obstacles to social rental housing development.

Possible resources for social housing construction could be found in the funds from the sale of public housing, and in favourable loans from the Council of Europe Development Bank. Incentives from POS programme can also be very useful. Launching of such projects primarily depend on the political will of mayors. The new system of direct elections of mayors, as of spring 2009, puts the social rental housing issues on the agenda in many cities. The available building land and capacities of municipal authorities to manage such projects hold down the development of local social housing projects.

Empirical evidence gives us reasons to conclude that the process of social renting housing development in Croatia is in ascent. On the other side, there are lot of arguments from the estimations of current economic crisis that this positive process will be threatened.

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