Social Housing in Serbia: Dual Approach

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1 ABSTRACT

Examining Serbian housing policy in the past two decades which has been radically transferred from the communist version of "welfare state" to the neoliberal concept of housing market, this paper firstly identifies major subjects and activities in the field of social housing and systematizes kinds of action related to these activities. Sudden state’s withdrawal from the housing matter, followed by the lack of land regulations and permanent economic crisis, caused almost unsolvable problem of adequate provision of housing for the most of the population in Serbia.

The initial course, performed through privatisation of 98% of public housing stock at the beginning of the last decade of the 20th century, took place apart from the few other housing policy initiatives and processes that were unconformably to each other. The state successively abandoned introduction of housing policy, until it almost ran short of its institutional and active capacities that had been developing by decades in communism. Until 2004 housing policy was trying to achieve short-dated political aims, but since then, the need for introduction of new systematic housing solutions, including social housing above all, emerged. Serbian government began to act in two separate ways, although without yet established long-term national housing policy: First was to try to support, financially and legislatively, production of affordable housing, so called "cheap flats" for subsidized sale; and the other was to try to establish public rented housing, but this time based on economic sustainability instead of general social equity proclaimed in communism. Several projects of "cheap flats" for subsidized sale have been developed, while some of them are still under construction, or in the planning stage. On the other side, the initial impulse for public rented housing foundation in Serbia was the 15 million euros pilot project – Settlement and Integration of Refugees Programme (SIRP 2003-2008.) – financed by the Italian government, that was realized in seven Serbian municipalities. Thus, first non-profit Public Housing Agencies in Serbia were established, and new public housing stock was built and inhabited.

Considering serbian social housing policy in general and highlighting some of their characteristics related to several projects, this study focuses on both of these two recognized courses by analysys and critic review of achieved results.

2 MAIN CHARACTERISTICS OF HOUSING POLICY IN SERBIA AT THE TURN OF THE 21 CENTURY

In the past two decades, Serbian housing policy has been radically transferred from the communist version of "welfare state" to the neoliberal concept of housing market. Sudden state’s withdrawal from the housing matter, followed by the lack of land regulations and permanent economic crisis, as well as significant political changes caused almost unsolvable problem of providing adequate housing for the most of the population in Serbia.

The initial course, performed through privatisation of 98% of public housing stock at the beginning of the last decade of the 20th century, took place apart from the few other housing policy initiatives and processes that were unconformably to each other. The state successively abandoned introduction of housing policy, until it almost ran short of its institutional and active capacities that had been developing by decades in communism. Different subsidised programmes and various measures of development of housing policy in Serbia on which, in the 90-ties, were spent between 800 million and 1 billion euros (Mojovic, 2009) did not produce significant effect in the overall picture, simply as there was no comprehensive project of housing development. Usually, individual programmes were in the promotional role of political parties at the time and also represented huge financial burden for local authorities where the sluggishness contributed to the fact that some were late or even they were not started to this day.
2.1 Public housing stock privatisation

Milestone event in the Serbian housing policy occurred in 1990 when the Government put an end to the four-decade financing practice of so-called "social residential building". Privatisation of so-called "cheap flats" primarily was carried out according to the Law on Residential Relations\(^1\) (Official Gazette SRS and Official Gazette RS, 1990) and according to the Residential Law\(^2\) (Official Gazette RS, 1992), after the next five years, resulted in 98 % of privately owned apartments.

Although Serbian government intended to gain remarkable sum of money through the privatisation process and planned to transfer that money to the next residential building cycle, because of the hyperinflation and decentralized manner of flat buyout, the whole process ended without any positive financial impact on the proposed aims.

Serbian Constitution\(^3\) (Official Gazette SRS, 1990) from 1990 had foreseen that citizens should satisfy their residential needs by acquiring residential space (flats, residential buildings or houses) on their own, either by buying it or renting it on the free market. Yet, according to the same Constitution, the State was still in obligation to provide a certain public housing stock for socially endangered households.

2.2 Development of residential market after democratic changes in Serbia

Increasing demand for new apartments as a result of rising number of households compared with increased population brought the new concept of housing market. Unlike EU in the 90-ties, where number of households have risen by 15 % and number of apartments was larger than number of households, in Serbia, in number of households increased by 6 % and number of apartment by 7 % (Petovar, 2003). After year 2000 in Serbia there was larger number of apartments than number of households by 8 % (2002 Census) and according to the 2011 Census by as much as 30 % (Statistical Office of the Republic of Serbia). This data confirms drastically increase of demand for the apartments. Present estimate that only in Belgrade city there is a need for 40.000 apartment units supports the previous statistics. On the other hand, rising number of households prompted the increase market of private rental housing units which represent a significant share in total housing stock (today in Serbia there is approximately 500.000 subtenants, including 100.000 in Belgrade alone) (B92, 2008).

Since 2004., in order to encourage and support normal function of housing market, the state established governmental insurance and subsidies for housing loans, enacted an efficient Mortgage Law\(^4\) (Official Gazette RS, 2005) SRS and initiated Real estate registry.

Idea of subsidized loans for real estate purchase is not an invovative, nor is the idea of "mass low cost housing construction", as starting from 1999 local governments have been advertising it, though it was never fully implemented. The establishment of National Mortgage Insurance Corporation (NMIC)\(^5\) in 2004 was followed by signing of first agreements with approximately 20 banks regulating mortgage procedures that was primarily based on reduction of annual interest rate below 9 % instead of regular 12 %-15 %. According to NMIC data for the period from 2004 to 2008, the total sum of several thousand loans subsidized by the state was about 205 million euros. By the end of 2012 number of such approved loans was more than 70.000 (National Mortgage Insurance Corporation, 2013). For Serbian economic and social circumstances, this type of financing also represents the really good bust for the housing industry.

All these governmental activities are directed towards the attempt to encrease the potential number of solvent clients on the housing market, which has nothing to do with social housing itself. Main doctrine of state’s policy still remains the same: agitation for personal posession of a real estate neglecting numerous positive aspects of rented housing as an equal housing concept.

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\(^2\) In Serbian: Закон о становању, Службени Гласник РС, Бру. 50/1992
\(^3\) In Serbian: Устав Републике Србије, Службени Гласник СРС, Бру. 1/1990
\(^4\) In Serbian: Закон о хипотеци, Службени Гласник РС, Бру. 115/2005
\(^5\) In Serbian: Национална корпорација за осигuranje стамбених кредита (NKOSK)
3 SOCIAL HOUSING IN SERBIA AFTER YEAR 2000

This complex issue of social housing in Serbia is lead by the fact that social housing are not built just for the low income population at the bottom of the income ladder, but are also needed for the middle income population which is restricted by the high property price, unfriendly interest mortgage rates and can not afford appropriate standard of living at market prices due to overall economic situation.

Until 2004 housing policy was trying to achieve short-dated political aims, but since then, the need for introduction of new systematic housing solutions, including social housing above all, emerged, although without yet established long-term national housing policy.

Serbian government began to act in two separate ways, although without yet established long-term national housing policy: First way was to try to support, financially and legislatively, production of affordable housing, so-called “cheap flats” for subsidized sale; and the other way was to try to establish public rented housing, but this time based on economic sustainability instead of general social equity proclaimed in communism. The initial impulse for public rented housing foundation in Serbia was SIRP programme. On the other side, several projects of “cheap flats” for subsidized sale have been developed mostly in Belgrade, the capital city of Serbia, while some of them are still under construction or in the planning stage. The estimate is that in the past two decades over 15,000 housing units were built in Serbia via state budget and various donations (Mojović, 2009).

3.1 Re-establishing of social rented housing in Serbia after year 2000

The Settlement and Integration of Refugees Programme (SIRP), devoted to solve the housing problem of Serbian refugees from Bosnia and Herzegovina, Croatia and Kosovo, was based on the “National Strategy for resolving the problems of war refugees and forcibly displaced persons” from 2002.

Re-establishing of social rented housing in Serbia and all the necessary institutions on the municipal level, as well as the erection of a certain number of social housing real estates (531 flat in total) in the period from 2005 to 2008, are the teamwork results of: seven Municipal Housing Agencies and other communal departments at the local level,6 amenable state ministries and the UN-HABITAT international experts team. SIRP programme was partly financed by the Italian government with the amount of 15 million euros for covering the 70% of estimated costs (UN-HABITAT, 2008).

Primal aims of SIRP programme was to conceive, evolve and test the basic elements of future system of social rented housing, as well as housing policies on the municipal level.

The series of architectural and urbanistic competition were held during 2005 and 2006 in order to get the best design solutions for the social housing buildings. Serbian architects showed great interest on this topic, which resulted with over 130 competitional entries in total that were disposable on the seven SIRP competitions.

Fig. 1: SIRP programme – Social housing in a) Pancevo built in 2008 and b) Stara Pazova built in 2007.

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6 SIRP programme was realised in seven major Serbian municipalities and cities: Cacak, Kragujevac, Kraljevo, Nis, Pancevo, Valjevo and Stara Pazova.
Fig. 2: SIRP programme – Social housing in a) Nis built in 2007 and b) Kragujevac built in 2007.

Although social housing buildings were built at urbanistically and morphologically different sites (Fig. 1, Fig 2, Fig. 3 and Fig. 4), thus unique and recognizable, there are some common characteristics of these sites and buildings, such as:

- Access to the communal services and infrastructure.
- All buildings consist of small flats (20 m² – 55 m²)\(^7\) for 2-5 tenants.
- All social housing real estates function as multi-dwelling residential housing.
- Buildings have ground floor plus 2 – 4 stories.
- Basement, if there is any at all, is never used for residential purposes.
- There are no lifts in these buildings.
- Additional exterior spaces for common use (playground for children, parking spaces, green spaces with benches, etc.) are obtained in the surrounding of buildings.

User households that were chosen through a transparent system of criteria and selection rules are: refugees, former refugees and local socially endangered population (single parents with children, homeless, families who lived in the inadequate housing conditions, etc.), which means that a social mix have been achieved, according to the European social housing practice.

Fig. 3: SIRP programme – Social housing in Cacak built in 2008.

\(^7\) Serbian housing standards define the structure of a flat by counting all the rooms. For example, "two-room flat" consists of 1 bedroom and 1 living room.
3.1.1 Usage and maintenance of new social rented housing stock

These social housing buildings in Serbia are in use only 3-5 years so far, and this period coincide with the first contract period of flat renting. At this moment, it is possible to make a certain overview of usage and maintenance of these buildings.

Generally, SIRP programme was targeted to obtain temporary homes for Serbian refugees in municipal owned housing stock. Obviously, refugees were glad to move from the refugee camps, shelters and collective centers to separate housing units. Generally speaking, these people, before the war, lived in good housing conditions in their native countries, and this program was an attempt to restore their dignity by giving them housing conditions which are familiar to them.

First conflicts between users and Municipal Housing Agencies (MHA) occurred when they realized that social flats they are using are meant to be "social rented flats" owned by Municipality and there will not be any subsidized purchase of these, as they expected. Moreover, in many municipalities certain number of chosen users refused to sign 3-year housing contract when they became aware they can not become owners of these flats by no means (Damjanovic and Gligorijevic, 2010).

Expectations and demands of users in the first months of using social rented flats were great and unrealistic: they expected Municipal Housing Agencies to repair damage they made, to finance replacements of water boilers, bulbs etc. (according to 3-year housing contract, these were users obligations).

Original enthusiasm of users and their delectation with new homes soon was suppressed by fury and frustration. Suddenly, they felt that social rented housing (as is obvious, is nothing more than temporary solution) can not be adequate way for "permanent integration in Serbia", and they started to wander "what kind of integration can be achieved with temporary housing?".

Whereas SIRP programme was not a donation but a subsidized loan, very precise plan for cost recovery from the flat renting have been made. Programme has forced Municipal Housing Agencies to be obliged to amortize 30% of the loan to Republic Housing Agency in 30-year period based on annual interest rate of 0.5%. In theory, this system was meant to be sustainable, but in practice, some arised problems can compromise the entire cost recovery system.

Although rents for social rented flats are lowest possible even for the Serbian standard,\(^8\) Municipal Housing Agencies are confronted with quite a number of users who do not pay their rent regularly or even refuse to pay as a kind of protest for impossibility of flat purchase.

Furthermore, lot of users often delay the monthly payment of their bills for electricity, heating, telephone etc. or do not pay at all. Due to this problem which is present in all municipalities, some Municipal Housing Agencies (for example in Kragujevac) were forced to react: one of the main conditions for new 3-year housing contract is that the user is obliged to pay all his debts.

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\(^{8}\) EUR 25 per month for the flat of 20 m² up to maximum of EUR 88 per month for the 55 m² flat
3.2 Belgrade experience in the social housing development after year 2000

In the new social and legal environment with increased burden of socio-economic problems as a result of so-called transition, just ended wars and NATO intervention, Belgrade newly elected authorities starts two parallel activities:

- City Council in cooperation with Funds for financing low cost "solidarity housing" starts Programme of building of solidarity housing 2001-2005, with target of 2000 units, where only 1421 were finished.
- City Council adopts the decision of building so called "social-non-profit apartments" and social apartments for governmental employees and other social categories.

First of such projects was "Project of 1100 flats in Belgrade" in 2003. This project was accompanied by the Decision on conditions and manner of disposal of apartments built according to project "1100 apartments in Belgrade". The ownership of apartments would be still in the governmental hands, but the City of Belgrade could offer it for sale (1000 flats so-called "cheap flats") or rent for the certain period of time to the persons with clearly defined social needs (100 flats – Public Rented Housing). Project was done on the basis of analysis of various available locations owned by city Council, namely Cukaricka padina, Retenzija (Fig. 5a), Vojvodjanska Street (Fig. 5b) and Olge Alkalaj Street. The project was finished by 2007.

By the end of 2007 "Project of 2000 social-nonprofit flats in Belgrade" started. Locations proposed for realization of this project were: settlement Dr Ivan Ribar (Fig. 6a), Vojvodjanska Street (Fig. 6b), Cukaricka padina, settlement Kamendin and New Belgrade’s blocks 62 and 29. First 1000 units were offered for sale in 2012 following terms of who could be buyers. Buyers that were chosen through a transparent system of criteria and selection rules were governmental employees such as teachers of elementary and high schools, university employees, law enforcement employees, local councils, young married couples, war veterans, artists, sportsmen and disabled persons with their families.

The terms for apartment’s sale were 20 % deposit, 20 year loan with 0,5 % annual interest rate. This has provided the possibility for future customer’s loan with a maximum of ½ total monthly incomes per household to meet monthly obligation for debt repayment. Price was 1.050 euros per sq. meter. Though it was so called non-profit development, nowhere one could publicly find the price of design, construction and infrastructural part of the selling price.

So far 2.150 "social-non-profit flats" have been built in Belgrade. Due to long lasting planning and other procedures the second project for another 1000 flats is still in the drafting phase.

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9 There is "social housing" and there is "non-profit housing building", but there are no "social-non-profit apartments". What amaze is the fact that City government in official communication with public uses non-existent term demonstrating elementary ignorance and misunderstanding term of social housing.

10 In Serbian: Одлука о условима и начину располагања становима изграђеним према пројекту 1100 станова у Београду, Службени лист града Београда, Бр.20/2003
Simultaneously, with the construction of social-non-profit flats started the construction of social apartments for renting to people in state of social need in locations: settlement Dr Ivan Ribar (Fig. 7a), Kamendin and Veliki Mokri Lug (Fig. 7b). From the beginning up to today 450 social apartments has been built in Belgrade.

Taking into consideration already mention data, the number of social housing units in Belgrade represent negligible share of housing units in total housing units stock, unlike countries like Germany, Austria and Great Britain where share of social housing units is about 25% (Petovar, 2003).

3.2.1 Planning and legislative documentation

So-called General Plan of City of Belgrade 202111 (Official Gazette of the City of Belgrade, 2003) is the first planning document which clearly defines and introduces the definition of social housing as it is known in developed countries.

General Plan gives the definition of vulnerable social groups which need special attention and help in obtaining adequate housing (young families with income insufficient to purchase an apartment, single parent families, big families with children, refugees, temporarily displaced persons, disabled persons, unemployed, etc.); gives guidelines for social living standards stipulating 5-15 m² per person; states the criteria for location for social housing and gives two systemic solutions for obtaining locations:

- Construction of social housing dwellings in the planned residential group of more than 250 apartments, within which 5-8% should be assigned for social housing.
- Construction of social housing dwellings on 58 designated locations of various capacity prevised by General Plan.

In essence, problems which are recognized in Belgrade, and are mostly the same for other locations within Serbia for social and non-profit housing, are (Damjanovic and Gligorijevic, 2010):

11 In Serbian: Генерални план Београда 2021, Службени лист града Београда, Бр. 27/2003
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- None existing legislative and regulations which would constitute a consistent legal support and channelling of development of such programs and projects.
- Small number of locations for such purpose – problems arising from obtaining such locations in the existing legal frame. Suggested locations are in accordance with General plan but there are still ownership issues to be resolved.
- Problem of implementation of social housing due to the intolerant neighbouring population – so-called NIMBY syndrome.¹²
- None existing standards for social housing.

3.3 Law on social housing

Final result of these programmes was the Draft of Law on social housing, which task was to initiate legislative establishing of basic instruments and institutions, on both national and local level, that would secure implementation of public intervention in housing policy in Serbia.

Concepts and principles that the Draft of Law proposes are (Damjanovic and Gligorijevic, 2010):

- Public intervention in the realm of housing policy (i.e. social housing) allude to much wider set of measures then traditional concept of social rented housing
- Financial support for social housing programmes should be obtained at the national level, but the implementation should be done at the local level
- System of financing has to be based on non-profit but recoverable cost principle
- All subsidies must be transparent
- Social housing must be based on economical, financial, social and ecological sustainability

Law on social housing¹³ (Official Gazette RS, 2009), based on previously mentioned Draft of Law, came into force at the end of August 2009, after several years of legal procedure.

On its very beginning, the Law states that social housing is not a part of some special housing policy, but more likely a part of broader housing policy that has to be defined in the future by changable strategic documents. The realm of public intervention is not bounded by this Law and it purports widest possible comprehension of non-profit, affordable and social housing which corresponds to the definitions of social housing given by European associations.¹⁴

Law on social housing suggests urgent need of enactment of "National strategy for social housing" and appropirate "Action plan", as well as establishing of Republic Housing Agency. Republic Housing Agency, as an national institution that resembles to those in most european countries, was finally founded according to Law in July 2011. by Serbian Government, but no "National strategy for social housing" or "Action plan" have been enacted or even concidered so far.

First Municipal Housing Agencies (MHA) in Serbia, as major institutions in charge for setting and implementation of local housing policies, in fact were established in 2003, before the SIRP programme: City Government of Nis and Kragujevac transformed existing public institutions that remained from the communimst period (so-called "City Funds for Solidarity Housing Construction") into Municipal Housing Agencies. After that, more MHA-s were established during the SIRP program (Kraljevo, Cacak, Valjevo, Pancevo). Apart from SIRP, MHA-s were found in Leskovac, Kikinda and Smederevo, while there are few more cities an municipalities that are preparing foundation of their own MHA, according to the Law.

4 CONCLUSION

Intensive development of social housing programmes worldwide happened during two last decades when Serbia experienced the toughest political and economic time in its recent history. In the context of socio-economic problems caused by the transition, wars and bombing by NATO, the long-term national social

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¹² Not In My Back Yard (NIMBY) – English phrase refers to the fact that is generally agreed that there is residential care for socially vulnerable groups somewhere else, "but not in my backyard".

¹³ In Serbian: Zakon o socijalnom stanovanju, Службени Гласник РС, Бр. 72/2009

¹⁴ Such as for example: CECODHAS Housing Europe
housing policy has not been established as yet and its clues in practice are still rare. Republic and Municipal Housing Agencies as main institutions are establishing the basic instruments that would secure implementation of public intervention, identifying needs on both national and local level and gaining experience from recent projects and programmes. This paper is aimed in showing the results of two different approaches to social housing policies.

It absolutely clear today that it is not realistic to expect good quality apartments to be given as a "free gift" nowadays to any group of population, no matter how poor it is in the context of today’s economic, political and social circumstances in Serbia. The solution maybe lies in the blend of existing models for social housing which in the existing moment has to prevent rigid interpretation of the rules and regulations for housing developments of this kind and create flexibility which will be able to adapt to living dynamism of an individual person. In that sense bigger flats should be built without finishing and interior works opposing to smaller completely finished units. As a result of this model low building price can be achieved and needs of the future tenants easier met, where they would be tailoring the interiors to their taste and will not be spending extra money as it is now, when the full product is on the market. This in return will give more financial space to local government for infrastructure development projects on the designated locations.

Housing construction has to be complex process that starts on the concept phase to the realisation phase going through wide range of carefully selected activities and stakeholders, where the role of the architect as "demijurg" of living space can not be neglected even in the process of decision making and implementation of various housing programs. As there is no relevant experience, rules, models, as well as guidelines for the design of social housing in Serbian practice, recommendations for further research and development should be sought at the intersection of global (European) experience and local (regional) characteristics, in order to find solutions that are socially acceptable and economically feasible.

The disadvantages caused by delays in introduction of housing policy, might be used as advantage by adopting the best experiences and solutions. However, it is of vital importance to identify characteristics of local culture and context, the legislative base, as well as of social housing features, that significantly differ from the standard European milieu. Just with identified local specifics it would be possible to find optimal solutions for further establishing National strategy for social housing and Action plan.

Providing higher public intervention and financial support for social housing programs and establishing set of regulations and standards, as well as straightening connections between national and local institutions, will be of the highest priority for the further development of social housing in Serbia.

5 REFERENCES


Official Gazette of the City of Belgrade, No. 20/2003, No. 27/2003


15 Builder of the World according to Plato’s doctrine – a shaper of matter on the basis of perfect ideas.