

COMMISSION ON HUMAN SETTLEMENTS

Distr.
RESTRICTED

Seminar on Renewal and Modernization
of Human Settlements: Strategies
for Policy Implementation
Vienna (Austria), 13-17 June 1994

HBP/SEM.51/2
11 July 1994

Original: ENGLISH

REPORT

INTRODUCTION

1. The Seminar on Renewal and Modernization of Human Settlements: Strategies for Policy Implementation was held in Vienna (Austria) from 13 to 17 June 1994.
2. The Seminar was attended by representatives of the following countries: Austria, Belarus, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Hungary, Latvia, Lithuania, Malta, Netherlands, Norway, Poland, Romania, Russian Federation, Slovakia, Spain, Switzerland and Ukraine. The following non-governmental organizations were also represented: the International Federation for Housing and Planning (IFHP), the International Real Estate Federation (FIABCI), the International Real Property Union (IRPU), the International Union of Tenants (IUT), and the International Urban Development Association (INTA).
3. In his opening address, the Chief of the ECE Human Settlements Section drew attention to the role of ECE in the housing field especially within the context of the recent changes in eastern and central European countries. East/west dialogue on housing conditions and their related renovation and modernization should be encouraged as key elements to improve quality and encourage more housing construction in countries of central and eastern Europe. This could also be seen as a stabilizing means, counteracting east-west migration. He commended the delegation of Austria for its initiative to convene the Seminar and thanked all those who had participated in the preparatory work.
4. Mr. W. STENZEL of the Ministry of Foreign Affairs (Austria) welcomed the delegations to Austria and stressed the importance of this kind of meeting for its international exchange of views. He pointed out the topicality of the issues under discussion, seen not only as a national concern but also as a challenge for Europe as a whole.

5. Mr. R. EDLINGER, City Councillor of Vienna, outlined the characteristics of Vienna's municipal housing schemes before and after the Second World War and the social housing policies adopted in the city of Vienna. In particular, he mentioned that the municipality itself besides participating actively in the construction of council houses, allocated significant sums of money from public sources to maintaining and improving the public and private housing stock.

6. Mr. O. MAISEL (Austria) was elected Chairman of the Seminar, Mr. I. TOSICS (Hungary) was elected Vice-Chairman, and the following rapporteurs were confirmed:

- Mr. K.E. HANSEN (Denmark) for Theme I: Policies for land-use planning and urban infrastructure;
- Mr. L. KIEFFER (Belgium) and Ms. H. ZANIEWSKA (Poland) for Theme II: Policies for housing modernization and management;
- Mr. P. ALBRECHT (France) and Mr. W. FORSTER (Austria) for Theme III: Assessment of strategies and measures for implementing renewal policies.

7. A technical visit was organized by the host country (Austria) together with the Governments of the Czech Republic, Slovakia and Hungary from Friday 10 June to Sunday 12 June 1994 in Krems (Austria), in Brno (Czech Republic), in Bratislava (Slovakia) and Gyor and Sopron (Hungary). On Thursday 16 June a visit was also organized to several districts in the city of Vienna where renewal and modernization programmes were implemented.

8. The discussion centred on the issues outlined in the seminar programme (HBP/SEM.51/1), in the three working papers (HBP/SEM.51/R.1 to R.3) prepared by government rapporteurs and in monographs and case-studies submitted by the following delegations: Austria, Belarus, Bulgaria, Czech Republic, Denmark, Finland, France, Netherlands, Norway, Poland, Romania, Slovakia, Spain, Switzerland and the International Federation for Housing and Planning (IFHP).

CONCLUSIONS AND RECOMMENDATIONS

THEME I - POLICIES FOR LAND-USE PLANNING AND URBAN INFRASTRUCTURE

Deterioration and its causes

9. All buildings deteriorate. There are two forms of "natural" deterioration. The first form of deterioration is caused by wear and tear on the property. The other is caused by obsolescence, such as a lack of up-to-date functions.

10. In an ordinary process most properties undergo regular maintenance and improvements to compensate for wear and tear and furnish the house with up-to-date functions. Without regular renovation deterioration becomes problematic. This means that an extraordinary effort is necessary and that some public support, such as subsidies, should be provided.

11. Four types of factors that cause problematic deterioration can be identified:

(a) The physical conditions, i.e. the physical conditions of the building, the size of the dwellings, pollution, noise, lack of amenities in the district, etc.

(b) The institutional condition, i.e. economic and organizational rules for different tenures that affect the conditions for maintenance and improvements. It can be an inadequate economic and legal regulation of the form of tenure (rent control in private rental housing, rules on decision-making in cooperatives etc.), tax legislation, problems of financing and so on;

(c) Social and economic processes in the housing market that prevent regular maintenance and improvement;

(d) General economic situation in cities, regions and countries.

12. It is important not just to consider each of these factors separately. To understand building decline one must understand the context in which decline is happening and see how different processes and mechanisms influence each other.

National backgrounds

13. In western European countries public authorities have been heavily involved in housing renewal since the 1960s - in three distinct phases.

14. The first phase saw the implementation of ambitious programmes: entire housing blocks and, in some cases, whole districts were demolished and replaced by new buildings. The second phase marked a change to renovation. Public regulation was increasingly based on the voluntary principle and thus on regulation by indirect means.

15. In the second half of the 1980s, the predominant aim remained preservation and renovation of the existing properties, and involvement of tenants in the planning process became de rigueur.

16. At the end of the 1980s a third phase arose, this time not because of the content of the housing renewal activities but the way the public authorities involved themselves in it. Issues raised were:

(a) Simplification of the procedures;

(b) Less public involvement and more private resources in housing renewal.

17. The western European experience shows that:

(a) The public sector played an active role in guiding the process and provided subsidies;

(b) A major role in the implementation of housing and urban renewal schemes was given to the local authorities;

(c) Demolition and new-built areas as a housing renewal strategy is very expensive and difficult to organize, and implies heavy social and cultural costs.

18. In the countries in transition the change from centrally planned economies to market-oriented economies at the end of the 1980s also radically changed conditions for housing renewal. Public financing for housing came to an end. As a consequence the housing industry was faced with a lack of orders.

19. In this phase housing privatization was carried out by selling the dwellings to the tenants. In most countries dwellings were sold at a very low price, so even low-income tenants had a chance to become owners. Dwellings in good as well as bad condition were sold.

20. The public sector was no longer responsible for carrying out housing policies in general and housing renewal in particular, except for unsold dwellings. Local authorities in most transition countries had no instruments for implementing housing renewal except for the housing stock they still owned. Hardly any national housing policy existed to guide the privatization process, and the housing policy was mainly driven by market forces.

21. The general economic situation in central and eastern European countries made it very difficult to carry out renovation programmes, even if investment priorities were changed.

22. However, in some countries signs of change are visible, with the public sector having greater responsibility, and local authorities having a more significant role.

Definitions of areas and types of tenures experiencing problematic deterioration

23. Problematic deterioration often takes place in:

- (i) Dwellings in old inner cities;
- (ii) Housing and residential areas dating from the onset of industrialization, late nineteenth century and early twentieth century;
- (iii) Dwellings from about 1920 to about 1950;
- (iv) Multi-storey housing constructed with pre-fabricated concrete panels and built as high-rise housing estates in the 1960s and 1970s.
- (v) Single-family houses in rural fringe areas.

24. Tenure such as: (i) ownership in single-family houses; (ii) shared ownership in properties with more than one dwelling; and (iii) rented houses, can under specific conditions be an indicator of houses and areas with problematic deterioration. Home-ownership in single-family houses and shared ownership can also lead to deterioration when future renovation costs to be borne by the owner are not taken into account when the house is sold to a new owner. For shared ownership, maintenance and improvement works need to be organized and common rules should be laid down to this end so as to avoid deterioration.

25. Finally, in privately rented houses, a lack of regulations to govern different and often conflicting interests between landlord and tenants can cause problematic deterioration.

26. The same applies to public rental housing, where the rent level can be a serious problem. In some countries tenants can oppose rent increases. Countries in transition have found that rents go unpaid, if there is no contractual framework, including legislation, standard contracts and a clear identification of landlord/tenants rights and obligations.

27. The concentration of residents with a low income in certain housing areas can make it difficult to secure the necessary resources for regular maintenance and improvements and can cause and accelerate deterioration and a continuous decrease in resources for renovation.

28. Privatization may also hamper maintenance and improvements, because of the lack of private funds to carry out the work, the lack of necessary rules and legal obligations of the new owners on one side or the abundance of rules on the other, and the fact that central Government has given up the responsibility for maintenance and improvements. This can lead to the decay of buildings, trapping new owners who have little or no means for improvements. Finally, this process can also lead to social segregation.

29. Privatization can also lead to private real estate investors buying large numbers of flats. They might then carry out improvements and renovation and increase the rent, thus driving out the original tenants. These, in turn, may become dependent on government-provided social housing. Privatization can also hinder renovation, if the private owners, who have bought their property well below market price, in turn sell it at market price and pocket the difference, instead of investing the balance in renovation. The future owners will not always be able to pay both the market price of the house and the renovation costs.

The role of the urban fabric for achieving housing quality

30. The function of the urban fabric is important for the quality of the housing areas. Lack of technical infrastructure and services can cause poor living conditions. The same applies if access to public transport is difficult.

31. Renewal of the urban fabric should be undertaken in accordance with the principles of sustainable development. Hence, a good public transport system should be envisaged. Also, alternative solutions for the growing parking

needs should be found, and energy saving in the construction process, in heating, etc. as well as sewage treatment plants and solid waste disposal should be planned.

32. Renewal can lead to increased density, and special care needs to be taken to avoid undesirable densification and loss of adequate open spaces.

33. Conversion of former industrial areas and buildings into residential areas can enhance the town's housing quality.

34. Traditional land-use planning should include urban renewal and housing modernization. It is, however, necessary to draw up specific plans that include strategies for financing, appropriate time schedules, provisions for the creation of an adequate social fabric, etc., and also the legal instruments to guide this process.

THEME II - POLICIES FOR HOUSING MODERNIZATION AND MANAGEMENT

35. In western European as well as in central and eastern European countries, the gap between rich and poor (the unemployed, the underprivileged, the migrants) is growing. Today, many face growing social inequality, long-time unemployment, and finally serious governmental budget restrictions.

36. Everywhere, the available financial means are restricted. Still, housing problems must be solved. In fact, housing quality is closely related to the welfare of man. In a climate of deregulation and a general decrease in official intervention, a larger contribution of the private sector in housing - and particularly in social housing - is strived for, including increased personal financial responsibility.

Renovation versus new construction

37. Though their housing problems differ, western, central and eastern European countries strive to use the existing housing stock to the full. Firstly, renovation has proved in most cases to be cheaper than new construction when considering direct costs as well as those related to the surrounding urban fabric as a whole. Therefore, in times of budgetary restriction it is important to consider renovation as an alternative solution to new construction. Secondly, renovation safeguards the existing housing and its environment as much as possible and contributes to reviving decaying neighbourhoods in an attempt to retain their inhabitants and their social fabric. Thirdly, renewing existing houses does not require new building land at the fringe of cities: the open space that still exists should be preserved, green spaces should be improved when necessary and the number of city-dwellers moving out of the cities restricted.

38. In many central and eastern European countries, however, the existing stock does not fulfil current needs and new construction is required. The housing shortage can be severe and care should be taken that newly constructed residential areas follow the principles of sustainability.

Decentralization of competence

39. Local authorities and owners are encouraged to make decisions themselves in order to improve the quality and quantity of housing. Nevertheless, the central Government retains a large responsibility: it must create a framework for the housing policy and make available the financial means.

40. To guarantee a successful housing policy, a substantial part of the authorities' responsibility and budget needs to be decentralized. The policy's implementation should draw on experience and begin with a small number of pilot projects.

Ownership and legal aspects

41. In countries in transition, sometimes still with a relatively high level of public control (high proportion of public or semi-public rental sector), mass privatization at low prices should be avoided. Furthermore, ownership should be transferred to semi-private companies, in order to be able to control the use of subsidies, and avoid the concentration of low-income groups, which could cause severe deterioration.

42. Besides rapid economic changes (general deregulation, conversion of obsolete industries, commercial reorientation), the countries in transition also and above all have to cope with judicial problems: the whole society is conceived in a new way and a legal framework must be created to accommodate this new vision.

43. The rights and obligations of tenants and landlords should be clearly defined by law in the light of the policies adopted. Both tenants and landlords should help to pay for renovations. There should be a formal agreement between tenants and landlords on the division of costs for such work and the rights and obligations of both parties.

44. Evicting tenants who cannot afford the new rent for their present flats leads to social segregation and potential conflicts, and should in any case be kept to a minimum. Appropriate and affordable substitute housing should be offered when replacement is necessary, but keeping tenants in their apartments and supporting them with individual allowances should be the main priority.

Rent policy

45. Given that renovation leads to higher rents, there should be concomitant social provisions, especially for low-income families and disadvantaged groups.

46. Low rents will not cover real costs considering the level of maintenance, modernization and renovation required. However, a rent increase is a politically and socially delicate matter in the current circumstances, and can only be carried out with the simultaneous introduction of an income-related housing allowance system. Tenants will have to learn to understand the relationship between the rent they pay and the maintenance renovation possibilities resulting from it.

47. The rent policy that is applied will be directly related to the modernization policy. Everyone should be aware that strict regulations in this area later prove difficult to abolish, and adversely affect the cost of housing. Rents should at least cover upkeep and repairs. Otherwise, subsidies - to individuals or for specific buildings - should be made available.

48. Landlords should not be subsidized unless they are also prepared to invest. The amounts of subsidy paid, and how they could generate new activities, merit consideration. It would be easy to use subsidies to encourage energy-saving and to catalyse private investment.

THEME III - ASSESSMENT OF STRATEGIES AND MEASURES FOR IMPLEMENTING RENEWAL POLICIES

49. To outline realistic future-oriented strategies for renewal and modernization of human settlements and/or introduce changes in the existing policies, it is essential to evaluate past experiences: successes and failures. Also to be considered are the structure and function of renewal strategies which are very much dependent on the relation between the public authorities and the owners.

A. Societal structure

50. There are different actors (from central Government to the citizens) who should have a clear role to play, and clearly defined rules should accompany their activities. In most countries in transition some of these roles have not been sufficiently defined, in others a new structure has to be developed.

Relation between public authorities and owners

51. In society different interests within the public, the private rental and the condominium sector clash, and legal and administrative tools should be available to provide platforms for conflict management.

52. There are three kinds of regulations, reflecting three types of relationships between the authorities and private owners. They include:

(a) General regulations on the form of tenure and ownership established by public authorities. They comprise maintenance and improvement, but the authorities are not directly involved in the actual renovation work. This form of regulation is for example embodied in rent acts, rules relating to loans for house improvements, and rules relating to owner-occupied flats;

(b) Indirect regulation, where the authorities encourage owners to renovate their properties. This is usually done by way of subsidies, but may also take the form of advice, improvement of open areas, and restrictions on the exploitation of the area, so that demolition is no longer a viable option;

(c) Direct regulation, where the authorities may order the renovation of a property. The local authorities compel the owner to renovate, having the

instruments at their disposal: e.g. expropriation orders, restrictions on use, and pre-emption. The direct regulation often features subsidies that make compulsory action acceptable to the owner.

53. In this last form of regulation, it is the authorities which take the initiative for renovation. The forms of regulation vary with respect to:

- The authorities' powers of control;
- The administrative input required;
- The number of dwellings and areas covered and the possibility of targeted action by the authorities;
- The extent of social considerations and residents' influence;
- The nature of the renovation.

Distribution of responsibilities

54. As the public and private sector complement each other, the State should establish norms (regulations and incentives) which rule these market forces.

55. Whereas most ECE countries have already experienced a significant shift in responsibilities for renewal operations from national and federal governments to local authorities, a further distribution of responsibilities - rights and duties - to all groups involved in urban renewal should be enforced. This includes decentralization and regulative, budgetary and management responsibilities. This new distribution should also be applied to renovation within the urban districts or housing estates to be rehabilitated. Decision-making power should be given to local authorities, landowners and tenants. The broad control over rent setting and income-related subsidy schemes, however, should be kept at a national level.

56. As the success of urban renewal activities is in a large part due to the active participation of the inhabitants, appropriate information has to be provided by the local authorities or the housing agencies. Easily accessible means of information could include local planning offices, independent information teams or advocacy planning. Public authorities should provide possibilities for appropriate conflict management - e.g. through residents' meetings, neighbourhood meetings - and encourage all parties concerned to take part in this democratic process.

57. Urban renewal should first of all benefit those already living in the designated area by improving their housing and environmental standards. Tenants should be regarded as the primary beneficiaries of renewal, and modernization activities, and their ideas and financial possibilities should be taken into account in all renewal schemes. Other target groups to be defined are individual owners and small businesses, the latter are important as they provide basic services to the area as well as job opportunities.

58. In particular, tenants' participation should be favoured and receive professional support in order to guarantee that the tenants' wishes are

respected and their economic possibilities taken into account. Socially weaker groups, such as low-income families, the unemployed, single parents, minorities, should be given special attention and, where necessary, extra help. Independent tenants' advisory teams provided by the local authorities should play an active part in the setting of renewal goals and rehabilitation schemes.

B. Change of ownership, rent control

59. Change of ownership, like privatization, alone does not solve any problems related to maintenance or repair. Any change of ownership as a political goal should therefore also take into account the possibilities and needs for future renewal activities. If publicly-owned flats are sold to the sitting tenants or to tenants' groups (e.g. cooperatives) the financing of urgent repairs and of future maintenance should first be considered very carefully.

60. Once it has been decided to privatize, the capital gained from the selling of the premises should be reallocated for housing maintenance and renewal purposes, establishing clear priorities.

61. A system of renewal subsidies and/or housing allowances should be available before the privatization process starts. Similarly, the form of management and of responsibilities regarding maintenance and repairs should be clarified before changing the ownership.

62. If rental buildings or rental flats are sold to other owners, the sitting tenants' existing leases should remain in force as far as possible in order to safeguard tenants' rights and security, as is already stipulated by law in most western European countries.

63. While maintaining some national or local rent regulations may be desirable from a social point of view, rent control should gradually be eased with the ultimate goal of covering the regular building maintenance and repair costs. This has to be accompanied, however, by appropriate aid to low-income groups and by protection against eviction.

C. Financing

64. The resources needed for urban renewal requires a serious financial effort by the three actors involved, i.e. the public authorities, the owners and the tenants. This means that in order to increase the efficiency of renewal programmes all three of them should take part in the process of setting priorities. A system of financial incentives, such as grants, tax rebates, low-interest loans and mortgages, should gradually be created to provide "cheaper" money for renewal works.

65. If controlled rent increase is accepted as a political goal to guarantee regular housing maintenance, specific aid (subject subsidy) has to be provided for low-income groups. Public subsidies for renewal projects should be given under different conditions e.g. strict rent control and increases or the local authorities' right to dispose over a certain number of flats for a limited period to make them available to the needy, etc.

STANDARDS OF RENEWAL AND MODERNIZATION

66. Many planners and politicians tend to aim for technically "perfect" renewal projects featuring high standards, which are regarded as desirable in contemporary housing. This may favour technical over social requirements and lead to gentrification and severe social conflicts if tenants' wishes and financial possibilities have been disregarded.

67. Different groups of tenants may have developed different lifestyles and have different priorities from those of professional planners. Housing quality is not a matter of technical equipment and infrastructure alone, but may, for example, include the use of common spaces in a building. This applies especially to certain minority groups, and should be respected and made an integral part of the renewal scheme.

68. In order to give priority to social criteria, "soft" or low-standard renewal schemes and/or self-help activities should be emphasized. This may reduce renovation costs as well as increase the general acceptance of urban rehabilitation measures by avoiding unnecessary social conflicts.

D. Planning process

69. New planning procedures should follow a strategic and holistic approach, closing for example the gap between housing and social policies. This will imply a fundamental step from fragmentary planning - as strongly reflected in the traditional administrative systems - towards interdisciplinary planning and budgeting with special attention given to identifying housing needs and quality requirements.

70. Flexible administrative systems, depending on local rather than national authorities, should be adapted to specific areas or projects. Such systems could be put in place for a limited period. Several such systems could be part of an overall experimental programme initiated and evaluated by the public authorities. Experiments could for example include forms of financing or reduced building regulations.

71. Renewal activities should move from single building renovation to an area-oriented approach, including block rehabilitation schemes, improvements of public spaces, traffic, working facilities, community services, leisure facilities, etc.

72. Especially in the case of post-war housing estates the vicious circle of uniformity, unpopularity, lack of maintenance and vandalism has to be broken. Emphasis should be put on improving public amenities and stimulating a more active role of the residents in the day-to-day management. In some cases special action could be taken to improve the image of such an area e.g. by cultural events bringing outsiders and other social groups into a deprived area.

73. The most deteriorated areas should be given "new hope" by signalling change through - often small - improvements, like planting trees, cleaning the streets, etc., and thus stimulating further activities.

Ecology

74. Renewal and modernization of human settlements should adapt to the requirements of ecological compatibility and to sustainable development. Solutions to urban ecological problems must involve both the physical and the functional aspects of urban development. Therefore, the need for intersectoral cooperation within urban administration must be stressed. For that purpose coordination of management practices must be developed from the ecological point of view.

75. Special emphasis should be put on developing strategies to encourage owners and tenants not to waste energy and to introduce energy-saving measures.

76. Systematic information concerning ecological planning and special incentives (grants, tax, rebates) should be provided for landlords, building associations, tenants, etc. Information on ecological issues should also be dealt with in the primary and secondary schools.

E. Speculation

77. Renewal and modernization programmes should be carefully designed and managed to reduce speculation in land and housing and to alleviate undesirable social effects.

78. Fighting against speculation means, among others:

(a) Careful planning and timing of renovation work in order to prevent speculation;

(b) Control of sale and purchase prices of land and buildings in the area earmarked for renovation after the announcement of the decision; in some cases price control may extend beyond the limits of the area and be enforced even after renovation has been completed;

(c) Acquisition of land and buildings by local authorities in the area through compulsory purchase procedures;

(d) Special capital gains taxes on the increase of value of the land, especially if the increase is a result of renewal activities in the neighbourhood.

F. Training of professionals and research

79. Inter-disciplinary training of professionals on different levels (including post-graduate training) must be developed. Public as well as semi-public institutions (such as building associations) should be encouraged to establish regular training courses dealing with the matters of renewal, modernization, conflict management in renewal areas, process-oriented planning methods, etc.

80. Research should be carried out at all administrative levels and include technical, social, economic and ecological issues. It should also provide data for international comparison of policy implementation measures and achievements.

RECOMMENDATIONS FOR FURTHER ACTION

81. The Seminar, considering the decision taken by the Committee and its Working Parties on follow-up work recommended that a study on strategies to implement human settlements policies on renewal and housing modernization be carried out. This project should make full use of the material presented during the Seminar and of the discussions held and should be geared to assisting Governments at the national, regional and in particular local levels in their respective tasks. The strategies should be focused especially on the needs of countries in transition. Besides general policy recommendations they should as far as possible include specific references to examples from member countries which could be helpful to others.

82. To start work on the project, the Seminar invited delegations and the secretariat to establish a rapporteurs' group. Experts from the following countries agreed to participate:

AUSTRIA - Mr. W. Förster

DENMARK - Mr. K.E. Hansen

HUNGARY - Mr. I. Tosics

SLOVAKIA - Ms. E. Szolgayova (to be confirmed)

SWITZERLAND - Mr. E. Hauri (to be confirmed).

83. In carrying out their task the experts would meet in the second half of 1994 as well as during 1995, as required. They would develop an extended outline for the draft strategies, which should be reviewed by the Working Parties in their sessions in May 1995. The draft strategies should be discussed and reviewed by the Committee in September 1995. The final product should be available in spring 1996 in time to be submitted as one of the ECE contributions to the Habitat II Conference in June 1996.

84. The delegation of Slovakia offered to host and organize a workshop (subject to confirmation) on strategies for the implementation of renewal and modernization policies at the beginning of 1995. The conclusions of the workshop should constitute a contribution to the strategies to be drafted by the expert group.

85. Considering the importance of the housing issue in central and eastern European countries, the Seminar also recommended that work on the strategies be continued beyond 1996 with a view to assessing the progress made and adjust policies and implementation means.

EXPRESSION OF THANKS

86. The seminar discussions and, in particular, the extensive material presented were very useful. Participants expressed their appreciation to the Austrian host authorities and organizers for the excellent arrangements made and the hospitality offered. Special thanks were extended to the organizers for the financial assistance provided to delegations from countries in transition. Considering the wealth of information received, the Seminar invited the Austrian organizers to publish the seminar proceedings including all written contributions as soon as possible.

ADOPTION OF THE REPORT

87. The seminar report was adopted on 17 June 1994.
