

Challenges and policy options for human settlements in the ECE region
Report to the ECE Commission

This paper aims at identifying major policy options for human settlements in the ECE region taking into account the outcome of the regional implementation meeting in January 2004, the conclusions of the 12th session of the Commission on Sustainable Development and the challenges identified in the ECE Strategy for a Sustainable Quality of Life in Human Settlements adopted in 2000. Human Settlements policies are essential to addressing the millennium development goals, in particular the eradication of extreme poverty, the promotion of gender equality and environmental sustainability. For achieving sustainable human settlements, addressing the following challenges has repeatedly been identified as particularly important by countries of the ECE region: Promoting a system of meaningful and democratic governance that responds to the needs of local communities; improving urban environmental performance; further implementing market-oriented reforms in the housing and urban sector; improving land and real estate markets and securing private land rights; facilitating social cohesion and security.

Meaningful and democratic governance, based on decentralization, partnership and inclusion, is the key to a sustainable housing sector. Decentralization has progressed strongly in the ECE region in recent years as local authorities have been made increasingly responsible for the planning and delivery of urban and housing services. The devolution of responsibilities, however, has not gone together with a commensurate decentralization of the resources needed; on the contrary it has in some countries been accompanied by a reduction in public spending. This has in particular been the case in countries with economies in transition. As a consequence local governments see themselves confronted with significant responsibilities and very limited means to fulfill these. In this situation, they have increasingly turned to the private sector for assistance. However, this has often happened in the absence of a regulatory framework to monitor the effects of deregulated service delivery. Inefficiencies in service delivery and mismatches between services provided and the needs of inhabitants have been the consequence. Governments need to address these deficiencies, and in particular need to:

- Assume responsibility for setting up functioning regulatory and institutional framework conditions in support of participatory local governance and public-private partnerships;
- Strengthen governance at all levels to ensure proper and efficient use of scarce resources;
- Establish a wide-range cooperation and a common effort between different government institutions to address local government issues;
- Improve the dialogue and understanding between the different levels of administration, which are charged with responsibilities for housing;
- Address the absence of comprehensive and inclusive policies for capacity building of local governments and community-based institutions, in particular in regard to public-private partnerships;
- Empower civil society actors to ensure effective implementation of sustainable development policies.

The ECE Committee on Human Settlements, through its activities, in particular the country profiles on the housing sector and the land administration reviews, aims at assisting countries in transition, and in particular the countries from South East Europe and the Eastern Europe, Caucasus and Central Asian region, to establish a broad-based dialogue among all major stakeholders in the housing sector, including the different levels of government, the private sector and non-governmental organizations, to jointly address the imminent challenges to human settlements.

Establishing an efficient dialogue among major stakeholders is a prerequisite for better functioning relationships between private market forces and public policy actions and for the implementation of sound market-oriented reforms in the housing sector. Housing markets in many of the ECE countries

in transition have remained sluggish and new housing output has collapsed. Mortgage lending takes place only to a very limited extent and the large scale-privatization of the housing sector did not result in the wide-scale establishment of efficient private management and maintenance systems, in particular for multi-unit housing. The establishment of sound framework conditions will go a long way to address these deficiencies. Governments should in particular:

- Provide conditions to facilitate investment in the rehabilitation of the existing stock;
- Facilitate private sector involvement in the managing of properties;
- Focus on the implementation of innovative financing to leverage private resources in the provision of housing and communal services;
- Create an enabling institutional environment to attract domestic and foreign investment.

Since the beginning of the transition process in countries of the ECE region, the Committee on Human Settlements has continuously engaged in measures aimed at providing member countries with practical guidance on how to address the challenges, which arise from the introduction of market-oriented reforms in the housing sector. The guidelines on condominium ownership of housing for countries in transition, for example, provide advise on actions needed by central and local authorities in the areas of legislation, the institutional set-up and public awareness raising in order to help authorities to address management challenges of the newly privatized multi-unit housing stock.

Reforms in the housing sector need to be accompanied by measures facilitating social cohesion and security. Poverty and the social exclusion of vulnerable population groups has become a significant social and political challenge throughout the region. The gap between income and housing prices has continued to increase, making housing less affordable. The availability of affordable housing, however, is crucial for facilitating social cohesion and security and for enhancing economic productivity: it is a pre-requisite for labor mobility and an essential part of the creation of a conducive policy environment for enterprise formation and job creation. The provision of adequate and affordable housing therefore needs to be at the forefront of human settlements policies within the ECE region and the establishment of a concise social housing policy should be a key element not only of human settlements strategies but also an integral part of the overall social policies and the welfare system of a country. Governments in particular need to:

- Recognize that the regeneration of housing estates, through wide-scale renovation, is becoming increasingly urgent in order to safeguard housing of reasonable quality for its inhabitants, especially the low-income families and deprived communities;
- Acknowledge that policy reforms need to be driven by a more sober reflection that market failures need to be addressed in an efficient way;
- Realize that social protection of vulnerable groups needs to be a priority aspect of public policy intervention in all sectors;
- Endeavor that social housing reforms become an integral part of the wider process of welfare state restructuring;
- Acknowledge that the significance of social housing reforms goes far beyond the provision of physical housing units and realize their importance for facilitating social cohesion and equity.

The needs of the socially disadvantaged have been at the core of the Committee on Human Settlement's work during the past decade. The development of social housing guidelines is one important activity in the Committee's efforts to help countries to address the housing needs of vulnerable population groups. However, only an encompassing and cross-sectoral approach will ensure that the concerns of the vulnerable are effectively addressed. The Committee therefore embarked on a discussion on how its work can further contribute to the stronger integrating of human settlements concerns in general social welfare policies, and how it can better assist authorities responsible for human settlements to ensure that they adequately incorporate policy objectives articulated within other sectors (e.g health, employment, infrastructure) in their activities.

Social vulnerability in the housing sector is frequently caused by the absence of sound land administration and spatial planning systems. Security of tenure is threatened due to malfunctioning land administration and property markets. Access to land and credit is a major constraint leading to disadvantages, particularly for women. Deficiencies in the land administration system hamper access to mortgage and impede solutions to the problem of illegal settlements. Inadequate planning for and investment in public infrastructure are a major cause for unsustainable transport patterns, for scarcity of serviced urban land and, ultimately, for unsustainable urban environmental performance. The introduction of transparency and efficiency in the urban planning and land administration process therefore needs to be a priority concern for governments. Governments in particular should:

- Promote good land administration for social equity. Good land administration is essential for the competitiveness of real estate and housing markets;
- Ensure secure entitlement to land, and freedom from unlawful eviction;
- Empower citizens to transform their assets into working capital by setting up formal systems for registry and titling of property and dwellings, which would help to increase access to finance;
- Recognize the importance of long-term integrated land-use planning and urban management for developing sustainable cities;
- Foster an integrated urban planning approach, which includes both land use planning and transportation system planning, and strives for sustainable energy production and consumption, gender equality and equity in access to basic services;
- Ensure improved environmental quality of urban areas through sustainable consumption of natural resources required for the construction and operation of urban systems.

Through the development and implementation of guidelines on land administration as well as on urban renewal and spatial planning, the Committee on Human Settlements assists member countries in improving their land administration and spatial planning systems to guide urban development, steer urban growth and regenerate inner cities and fringe areas while achieving greater equity. Given the strong importance of sound land administration for sustainable human settlements policies, the Committee continuously strives to promote a more integrated approach to human settlements, in combining policies of land administration, housing and urban planning, for the promotion of social cohesive societies. There is still the need for enhanced cooperation within the ECE region beyond the mere exchange of experience, through, for example, knowledge transfer and mutual assistance in capacity building measures. For countries to truly benefit from the richness of experience and knowledge available in the ECE region, the continuous involvement of all member countries is essential. A stronger involvement of the countries from South East Europe and the Eastern Europe, the Caucasus and Central Asia region in the activities of the Committee on Human Settlements would be particularly important.