Country Profile on Urban Development, Housing and Land Management, Albania

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The Country Profile was carried out upon the request of the Government of Albania. The request was received by the UNECE Committee on Urban Development, Housing and Land Management in October 2019 and reiterated in 2020. The first Country Profile for Albania in 2002. The Country Profile provides an independent policy review. Recommendations to Government. The CF will also informs international policy communities and donors. An important archive of knowledge.
Country Profile – structure

1. General overview
2. Housing sector and housing policy
3. Land administration and governance
4. Urban and regional development and planning
5. Financing affordable housing
Country Profile - coordination

Coordination at UNECE secretariat

- Gulnara Roll, Secretary to CUDHLM
- Cecilia Batac, Statistics Assistant, HLMU

Coordination in Albania

- National Focal Point – Doris Andoni, Director, Housing Policy, Ministry of Economy and Finance
- Local experts engagement – Polis University, Albania
Country Profile - international experts

- Oleg Golubchikov, Cardiff University, UK – lead writer + urban chapter
- Kat Grimsley, University of Alicante, Spain – land chapter
- Alice Pittini, Housing Europe – housing policy chapter
- Edit Lakatos, Housing Europe – housing finance chapter
- Vahid Khatami, UNECE secretariat – support on housing finance chapter
- Felix Schoeneich, Contractor, HLMU – support on all chapters
- Elena Szolgayova, Slovakia – support on policy recommendations
Data collection and milestones

- **Data**: policy and document analysis, government and expert interviews, practitioners and stakeholders consultations and input, fieldtrips


- **November 2022** – A fact-finding mission by Gulnara Roll and Oleg Golubchikov. Fieldtrips in Tirana, Durres, and Elbasan

- **January-June 2023** – Online interviews and consultations with national experts; first draft

- **26 June 2023** - The stakeholder consultation meeting in Tirana. Fieldtrip to Kukes.

- **July-October 2023** – Editing and reviews by the Secretariat

- **October 2023** - Presentation at the Committee session

- **November 2023** – Final review by UNECE and submission as UN official publication.
Initial consideration
Lasting legacies of the “shock therapy” of the 1990s

- Self-removal of the state from many areas
- Almost complete housing privatization, land restitution
- Illegal land grabbing and informal construction around large cities by companies and individuals -> informal settlements
- Policies for housing, urban planning, building control, regional development – became marginalized
- Soaring social and spatial inequalities
Demographic shifts

Strong outmigration + natural growth decline = a shrinking country

Figure 1.3 Natural increase of population, 1990-2022

Source: INSTAT (2023)
One of the most rapidly urbanizing countries in Europe – people move to urban areas

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Rural  Urban
People move to Tirana and Durres

- Nearly half of Albania’s population lives in “Durana”
- Implications for housing and urban development
- Vicious cycles of underdevelopment vs congestion
Monocentric and uneven development

GDP in current price by prefecture, 2020

- Tiranë: 43.0%
- Fier: 10.8%
- Elbasan: 6.8%
- Durrës: 6.8%
- Vlorë: 5.7%
- Korçë: 5.4%
- Shkodër: 5.0%
- Berat: 3.5%
- Lezhë: 3.1%
- Dibër: 2.9%
- Gjirokastër: 2.2%
- Kukës: 1.7%
Overcrowding vs. vacant dwelling

Overcrowding rates, by poverty status, 2020


Percentage of vacant dwellings, 2020 (or latest year available)

Source: ECD Affordable Housing Database; INSTAT.
Strong progress over the past decade

- EU candidate status in 2014
- The EU Acquis Communautaire (NSDI 2007-2013, NSDI II 2015-20, NSDEI 2022-2030)
- 2014-2015 administrative-territorial reform
- The 2016-2025 Social Housing Strategy
- Law 22/2018 on Social Housing
- Law 107/2014 on Territorial Planning and Development
- Law 102/2020 on Regional Development and Cohesion
Law 22/2018 on Social Housing

- Social housing as a continuum from rental social to low-cost homeownership
- Most popular - affordable homeownership - subsidised mortgage interest rates; downpayment grants
- Earthquake of 2019 -> housing assistance to victims (rent subsidies, free homes, repairs)
- 3% of residential projects over 2,000 sq.m. to municipalities to form rental social housing
- Social rental housing with international donor assistance
- Social rental housing is 0.1% of housing stock

Number of beneficiaries funded by the central government, 2019-2022

<table>
<thead>
<tr>
<th>Subsidy</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent subsidy</td>
<td>674</td>
<td>1274</td>
<td>1475</td>
<td>1784</td>
</tr>
<tr>
<td>Subsidized loans (interest rate subsidy)</td>
<td>4 300</td>
<td>4 450</td>
<td>5 180</td>
<td>5 421</td>
</tr>
<tr>
<td>Downpayment grant for low-cost housing</td>
<td>25</td>
<td>1</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Improvement of living conditions</td>
<td>857</td>
<td>468</td>
<td>381</td>
<td>675</td>
</tr>
<tr>
<td>Adaptation of municipal-owned (ex-state-owned) premises for social housing</td>
<td>61</td>
<td>89</td>
<td>54</td>
<td>91</td>
</tr>
<tr>
<td>Improvement of infrastructure mainly for informal areas</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>214</td>
</tr>
<tr>
<td>Rent subsidy for families affected by the earthquake (in the emergency declared zones)</td>
<td>-</td>
<td>13 900</td>
<td>13 200</td>
<td>11 300</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance and Economy (MoFE).
National Housing Agency

- State owned, self-funded (revolving funds)
- Subsidized mortgage loans and homes sold at cost-level prices
- Beneficiaries selected by municipalities based on income
- In the last 10 years, 821 housing units built by 2023, committed to finalize another 800
- Dependent on municipalities to donate land
- Before 2023 could not receive subsidies from the state -> limited capacity

- NHA-built homes in Kukes
- 2-bedroom apartment was below US$ 40,000
- 10% downpayment, balance paid in 15 years with a 3% interest
Housing is responsibility of municipalities
But the majority of municipalities are weak

Figure 17.2 Budget size in percentage by municipality (without Tiranë), 2021
Recommendations – housing

• Concentrate on social, permanently rental housing, introduce a state housing development fund as a financial institution of the long-term financing of social rental housing sector.
• Establish incentives and mechanisms for non-for-profit or public organisations that run social rental housing.
• Revise the functions of the National Housing Agency. Make NHA as the main developer of the public rental housing stock, as well as the manager of that stock on behalf of the municipalities.
• Establish a national guarantee instrument and delegate a financial institution to mobilise private finance for affordable homeownership (such as subsidised mortgage loans).
• Introduce intermediary social rental agencies to mobilize private housing for social purposes.
• Improve the condominium management and maintenance system.
• Establish professional accreditation and training programmes for the property management providers.
• Introduce a national programme and financial incentives for refurbishment and energy efficiency regeneration.
Land administration

- Law No. 111/2018 on Cadastre
- Law No. 20/2020 on the Finalisation of Transitional Ownership Processes
- Much improvements on legalising property
- Transparency of property registration and cost involved remains an issue
- Fragmentation of agricultural holdings
- Potential gender discrimination in agricultural land (“head of household”)
Recommendations – land administration

- Increase transparency of land registry data to prevent abuses, systemic inequality, and criminal programs, such as money laundering through real estate.
- Review laws related to property with a view towards identifying and correcting gender discrimination with respect to agricultural family.
- Provide adequate resources to complete land formalization procedures for informal settlements and prevent future informality.
Urban and regional development and planning

- General National Spatial Plan (GNP) for 2015-2030 - Shqipëria 2030
- Adoption of local general spatial plans (all municipalities)
- Re-establishment of the development control
- New informal constructions are no longer a main issue
- “Polycentric development” and territorial cohesion become orientations for planning and territorial development
- But little progress in practice (no systematic approach)
- Albanian Development Fund coordinates many projects with respect to urban and regional development and regeneration (donors-dependant)
- Housing is separated from planning and regional development instruments
Recommendations – planning and regional development

- Ensure that the **provisions for affordable housing are mandatory** in all plans on regional development and cohesion, general territorial plans, and other territorial development instruments.

- Introduce a **national strategy for urban regeneration** supported by a long-term, comprehensive and systematic investment package.

- Introduce **national-level guidance for urban design and placemaking** in order to improve the liveability of settlements and promote green, socially inclusive, and walkable neighbourhoods.

- Introduce planning mechanisms which would identify **high-demand zones** where a mandatory share of affordable housing in each new development project should be provided.

- Strengthen **construction and refurbishment standards**, particularly for energy performance, structural building safety (including earthquake resilience) and for fire safety.
Cross-cutting issues

- Housing policy is still “residualised” in public policy
- Most strategies in Albania are donor-dependent
- National ministerial landscape is unstable
  - Responsibilities move from one ministry to another
  - Brain drain from the public sector
- Changing government investment priorities
  - E.g. Urban Renaissance programme
  - Do not allow capacities and visions to form lasting strategy
- Data collection and monitoring remains a problem
Summary recommendations - Elena Szolgayova

• **Strengthen the role of housing policy at the national level.** This could be achieved by establishment of a Parliamentary Committee on urban development and housing.

• **Consolidate the fragmented responsibilities** for housing policy, territorial planning, urban and regional development by bringing them under a single government umbrella.

• Prioritize the development of **social rental housing** in future housing policy. This could be supported by a state housing development fund, the establishment of social rental agencies, as well as incentives for non-for-profit and public organizations that develop and operate social rental housing.

• Revise the role of the **National Housing Agency** to make it the main developer of the social rental housing stock, as well as the manager of that stock on behalf of the municipalities.

• Make **affordable housing a mandatory part** in all new and revised national, regional and local plans on regional development and cohesion and general territorial plans.

• Establish a **national strategy for urbanization and urban regeneration** which would be supported by a long-term, comprehensive and systematic investment package. The strategy should be the mechanism for a more polycentric and sustainable territorial development.

• Ensure the improvements in the **liveability of settlements** and promote green, socially inclusive, and walkable neighbourhoods by introducing a national-level guidance for urban design and placemaking should ensure.

• Regenerate housing stock and address climate change challenges by introducing a national programme and financial incentives for **refurbishment and energy efficiency**.
Thank you!

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