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Assessment of the housing policy of Montenegro

Note by the Secretariat

Summary

This document includes a short preliminary assessment of the housing policy of Montenegro developed at the request of the Ministry of Spatial, Planning, Ecology and Urbanism of Montenegro.

The Committee is invited to take note of the assessment recommendations.

Introduction

The Government of Montenegro actively participates in activities of the UNECE Committee on Urban Development, Housing, and Land Management. In January 2022, the Ministry of Spatial Planning, Ecology, and Urbanism requested technical support from UNECE to analyze its existing housing policies in order to develop recommendations for the development of the new Housing Policy of Montenegro for the period until 2030. The study was carried out during 2022, it involved desk research and interviews with housing experts in Montenegro.

The draft report was completed in December 2022 and was reviewed by the Committee for Urban Development, Housing, and Land Management Bureau Task Group on Housing Policies and the Real Estate Market Advisory Group (REM), and subsequently finalized. It is expected that this report will contribute to a larger study, as per the request by the Ministry of Ecology, Spatial Planning, and Urbanism of Montenegro submitted to UNECE on January 24, 2022, aiming to develop the Country Profile on Urban Development, Housing, and Land Management of Montenegro. UNECE's Country Profiles series is a UNECE flagship product, providing a comprehensive analysis of housing, land, and urban development policies, along with practical recommendations and specific technical project proposals based on those recommendations.

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Economic context

In 2008, Montenegro applied for European Union (EU) membership and gained EU candidate status in 2010. The accession process was launched by the Council of the EU in December 2011, with negotiations commencing in June 2012. According to the European Commission, key challenges for the country include improving public finances, maintaining foreign policy consistency, and upholding institutional respect for the Constitution. Montenegro also became the 29th member of NATO in 2017.

Nearly one-third of the country's population of 620,000 resides in the capital city of Podgorica, which had an estimated population of 209,968 in 2023. Approximately 67 per cent of the population lives in urban areas. There are significant disparities between the rural north and the more affluent coastal regions, as well as the capital, Podgorica. In recent years, Montenegro has experienced robust economic growth, driven by major investment projects, tourism sector expansion, and increased private consumption. The country is committed to EU membership, resulting in numerous reforms, policy introductions, and legal enactments. In housing and urban development, Montenegro aims to align with EU legal and institutional frameworks, a requirement for accession. These aspirations are reflected in pertinent national policy documents.

Current Housing Policy in Montenegro

This study analyzed several national legal and policy documents for the period from 2011 to 2020, including the National Housing Strategy, the Social Housing Law of 2013, the Social Housing Programme for 2017-2020, and the Final Report on the implementation of the aforementioned strategies. The National Housing Strategy of 2020, coupled with the Social Housing Law of 2013, established fundamental strategic and institutional aspects of Montenegro's housing system at both national and local levels. These included defining eligible beneficiaries, allocating responsibilities between state and local entities, and outlining the government's obligations regarding social housing development. Local authorities were also mandated to adopt social housing programs in accordance

with the state program. Implementation led to the realization of mid-term social housing projects, such as regional housing initiatives and affordable housing programs. While these efforts increased accessibility to affordable housing, they did not fully address the issue of housing affordability.

Most projects primarily supported owner-occupancy, resulting in a significant gap between demand and available housing units. To bridge this gap, a broader housing tenure spectrum, encompassing rental housing, needs to be incorporated. Promoting energy efficiency and climate neutrality in buildings and cities is another crucial aspect of the government's housing policy. Projects in this area primarily targeted individual family homes, with initiatives like solar panel installations. However, there were no programs specifically targeting multi-apartment buildings in private ownership.

Spatial Planning, Illegal Settlements, and Structures

A key goal for Montenegro's EU integration is to formulate and enforce policies related to the legalization of illegal construction. The process began with the enactment of the Law on Spatial Planning and Construction of Facilities in 2018, later amended in 2020. Local governments are tasked with overseeing the legalization process. As of June 2021, over 53,000 requests for the legalization of illegally constructed buildings were received, with more than 47,000 processed. However, only about two thousand buildings have been legalized due to stringent requirements. Another prerequisite for legalization is resolved property rights, which can be a hindrance. This complex process necessitates active involvement from building owners, technical documentation preparation, and fee payments, affecting the efficiency of the procedure. To address these challenges, efforts are underway to draft a new law on the legalization of illegal buildings, with the aim of streamlining the process.

Legalization of Informal Settlements

Legalizing informal settlements remains a challenge. Addressing it requires a comprehensive approach in line with relevant international guidelines, including the COVID-19 Recovery Action Plan for Informal Settlements in the ECE Region.

Key Challenges to Implementing the National Housing Policy

The Final Report on the implementation of the National Housing Strategy 2020 revealed that 70 percent of the strategic goals from the Action Plan 2015-2020 were realized. However, numerous goals were left incomplete due to government capacity constraints and insufficient financing. Challenges are identified in the institutional framework, data availability, financing, affordable housing, cadaster, land policy, urban and spatial planning, and informal settlements. Each challenge requires specific attention and targeted solutions to advance housing policies effectively.

Recommendations for the Development of the New Housing Policy (2022-2030)

The proposed Housing Policy (2022-2030) for Montenegro was reviewed, with detailed comments and recommendations provided to the Government. The overarching suggestions encompass the need to raise political awareness of housing challenges, establish long-term capacity building, enhance inter-ministerial cooperation, improve cadaster efficiency, and reevaluate programs for affordable housing. Additionally, there is a call for more targeted support for public rental housing, among other measures. Two new programs addressing housing refurbishment and energy efficiency, as well as the development of a long-term financing model for affordable housing, are proposed. Emphasis is placed on the enduring goals of promoting housing affordability, energy efficiency, and climate-neutral housing, along with continuing the legalization of informal settlements. A more extensive analysis of the broader context and goals of housing policy development is recommended, with the Country Profile on Urban Development, Housing, and Land Management serving as an ideal framework.