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**Asocijacija za demokratski prosperitet - Zid**

# Housing policy and space management

A policy that provides adequate or affordable access to housing, along with an employment policy, is the main challenge in achieving the security of the citizens of Montenegro. This question is confirmed by all the research related to the quality of life, the perspective of young people, and the feeling of security... Since 1993, this policy has been left to market regulation, which caused the misuse of space and the appearance of deviant housing support models that devastate and consume spatial resources and cause a series of other problems in the functioning of the community. The usual practice is to give land for constructing so-called "apartments on preferential terms. “

## Introduction

In the context of drafting the new housing policy, the drafting of the new Law on Spatial Planning, and the Law on Affordable Housing, we analyze the situation in the context of the redistribution of funds for housing in the direction of supportive housing models that will ensure the development of affordable housing with adequate distribution of space.

In 2016, after several years of being kept in various drawers, Montenegro received the Law on the Legalization of Informally Built Buildings. After less than two years, a new regulation on spatial planning was adopted, which defined a new - centralized model of planning which incorporated the mentioned law on legalization. This Law re-regulated the legalization process management and the deadlines, as well as the preparation of the General Regulation Plan, which will be the basis for the completion of the legalization process of buildings that were built without approval and a construction permit. The law also announced the creation of an orthophoto photograph of the entire state territory, overlapping with the existing detailed urban plans that would determine the number of illegal buildings, but also set a red line for the legalization of buildings that are not on the completed photograph. For such facilities, payment of a high fee for land use is foreseen until the potential removal. "The annual fee for using space per square meter of an illegal building could amount to 0.5 to 2.0 percent of the average construction price per square meter of a newly built residential building in Montenegro.

Until the adoption of this law, it was assumed that there were over 100,000 informally built buildings in Montenegro. 52,303 building owners applied for legalization within the stipulated deadline and another 1,700 after the deadline. In that period, before or after the orthophoto recording, tens of thousands more buildings were built, which caused further devastation.

The easy relinquishment of space is not only read through a tolerant approach to informal construction, but it shows the approach of state and local institutions that try to compensate for the inability to manage the housing policy with the irreversible ceding of space for the needs of building apartments under so-called "preferential conditions,” with the construction of which the housing fund the unit that is owned by the state or local governments does not increase because, with the contract, the owners freely manage their properties on the market.

ADP-Zid has been active in housing policy for the last ten years. We initiated the change of the Constitution in order to recognize the right to an apartment, developed a housing support service for users of social housing, and are participants in several working groups for drafting legal acts. During the legal period provided for legalization, in the ten cities of Montenegro with the highest levels of informal construction, we assisted citizens who tried to solve the issue of basic housing.

Box:

**Affordable or adequate housing** – implies several aspects that must be satisfied in order to be able to talk about a quality housing policy. First of all, this refers to the following:

* ***Legal security*** – refers to a protected lease or securing permanent ownership;
* ***construction in parts of the city that have developed social infrastructure*** – schools, preschools, daycares...;
* ***affordability*** – meeting housing needs in an affordable manner available to all citizens
* ***health principles of housing*** – the type of construction ensures health safety through, for example, protection against mold and mildew, and cold weather...
* ***absence of discrimination in housing availability*** – housing policy treats all population groups;
* ***location*** – construction in parts of the city that are not isolated and are environmentally friendly, especially if it concerns apartments for vulnerable population groups,...

## Problem analysis

The situational analysis that was carried out in 2019 for all municipalities that cooperated and for which we had adequate data led us to the estimate that in Montenegro, there are no more than 0.6% of apartments owned by state and local administrations and that, on the contrary, there are according to the Ministry's estimates, over 100,000 informally built facilities for basic housing and facilities for rest and recreation, on land that has been usurped, and partly in public ownership.

The reasons for the abuse of public space, construction, and agricultural land subdivided and converted into construction land are layered and complex. In 1990, the Law on Housing Relations was adopted, which enabled the privatization of housing units that the Housing Construction Fund owned until then. Thanks to this Law, about 95% of housing units were purchased within two years. At that time, galloping inflation in the SFRY caused the entire amount of funds to melt away, and the state no longer had the means or the interest to start a housing policy. With the economy's transition, deeper social stratifications arise, precisely in the period when the state leaves housing policy to market regulation.

Economic growth is stagnating in the northern region, and citizens are moving from the north region to Podgorica and the southern region, looking for better living conditions. As they do not find support in providing safe housing, some engage in construction without the necessary permits, some on purchased land, and some on public space owned by the state. Public inspections for the sake of social peace, but also for the benefit of the political elite in controlling this population, contribute to allowing this phenomenon, which is experiencing expansion - from people in need but also from those who operate facilities for rest and recreation. All this caused the general devastation of over 100,000 unplanned buildings. The last wave of inadequate construction happened with the adoption of the current law on spatial planning, which, by announcing the creation of an orthophoto recording, was a "telephone call" to the usurpers to use the recording period to illegally build objects that would be legalized in the process of legalization and appearing on the recording. The creditworthiness of citizens and the absence of support measures led to citizens in need of safe housing turning to construction without consent, which creates entire settlements without the necessary infrastructure. This stratification caused almost 3 times more households that own two or more apartments compared to the number of households that own an apartment and are classified as those with below-average incomes. According to ancient Monstat data, about 10% of households rent the apartment they live in on the market, while 5.7% of households live with their parents, children, or other relatives. A student organization survey conducted among young people from 2019 indicates that only 3.5% of young people under the age of 30 have their own apartments and that for more than 30%, an adequate housing policy for young people would reduce their interest in leaving Montenegro.

Currently, only 0.6% of the total number of housing units is available to local administrations to respond to meeting needs in the area of ​​housing is conditioned by a deviant model that tries to intervene in the area of ​​housing, which furthers alienates and consumes spatial resources. The alienation model is carried out by donating space to construct so-called "flats under preferential conditions". This practice implies that the Montenegrin Fund for Solidarity Housing Construction, housing cooperatives of various trade union associations, pensioners' associations or the municipal public administration union are given land for the construction of housing units. Some, such as pensioners' associations, also receive financial resources from the Pension Disability Insurance Fund, which, together with the land, will be used to distribute residential units to selected individuals at prices significantly lower than market prices. The aforementioned associations of pensioners have received 7.5 million euros for housing support in the last 7 years, without ever justifying this money.

By purchasing such an apartment on donated land, the contracting party becomes a co-owner of the land and has full control over the property on the market. So, for example, the Podgorica social housing program for 2015 plans to build buildings on locations for which the capital city provided the construction land and compensation for communal equipment. Four buildings with 101 residential units were allocated on affordable terms to employees of companies whose founder is the capital city and through the Association of Pensioners. Then 6 more buildings were built under the same DUP. The majority of these apartments, on the basis of a gift contract or sale on the market, changed their owner immediately after handing over the keys.

Of course, there are even more extreme situations in this process. So let's say, according to the description, the Montenegrin Fund for Solidarity Housing Construction in Bar received 8,700 square meters from the Municipality of Bar in the scope of the DUP "Topolica - Bjeliši" and exemption from the payment of taxes for utilities with a total market value of about 9 million euros. Out of a total of 270 housing units, 20 of them were bought from the Fund by Russian citizens, a few were bought by citizens of Belarus, Switzerland, Canada and Luxembourg, and the owners of 40 units became residents of other municipalities around Montenegro.

Of course, giving away housing care has even more radical forms. Apartments that the Government, on the basis of a provision, approved loans for adaptation and purchase of apartments to judges, and high civil servants through a model according to which the beneficiary was obliged to return 20% of the approved sum for a period of 10 or 20 years.

Of course, municipalities with fewer opportunities have begun to develop strange models by which they subsidize monthly payments of up to 100Eur for loans for housing loans to young couples under 45 years of age, which is the current solution of the municipality of Pljevlja.

This process causes several other problems in the functioning of the community. Such models contribute to the spatial closure of cities and reduce the potential for economic development. And what is very dangerous, they are an evident basis for suspicion of political blackmail and corruption. Judges, workers in the administration, high-ranking employees of public institutions and companies, and employees of the MUP get apartments in this way.

And what is the primary problem - the model is deeply unfair because it favors target groups that are mainly employed in the public sector and ignores all those problems that are skipped over in housing policy and which are not small - the lack of temporary housing support in the form of solving the needs of urgent care, shelters and shelters for various vulnerable groups, the complete absence of services for sustainable housing existence at the local level, or housing navigation services for long-term housing care. First, about the missing housing models with support, subsidized rental of discriminated groups after leaving temporary housing - especially women victims of violence or children from foster homes... There is also the issue of maintaining existing facilities and improving their performance in terms of heating, but also the issue of managing housing fund and keeping records of apartments in citizens' social records. And let's not talk about the measures with which the state can interfere in the regulation and in the market when it comes to credit policy, rental policy, limitations regarding the disposal of housing units for tourist purposes, suppression of overemphasized commodification...

Box:

"I am unaware that this kind of practice exists in any member of the EU. It is incompatible with the principles of public administration to which the countries in the process of enlargement have committed themselves and raises important issues that go to the heart of the rule of law," Johannes, the commissioner for enlargement at the time, told the media. Hahn. To this statement, then Prime Minister Marković replied – “Let Commissioner Han take care of the standards for solving social and housing needs in his country, within the EU, and we are obliged to do this in the interest of our citizens. This is not a policy requiring standards. This is our national policy and our right. If there were deviations, we will eliminate them".

#### Recommendations for solving the problem

#### Strong response of the institutions to the situation after the creation of the orthophoto

#### As there are several solutions in the Law on Spatial Planning with which the professional community is not satisfied, mainly due to the exclusion of the local community at the level of detailed urban plans, the new Law should use the opportunity to highlight the solutions that confirm the created orthophoto to strengthen the position on tax collections on use of space, especially for buildings that are not intended for a primary residence. In addition to sending a clear message in the fight against informal construction, the Law needs to determine the purpose of the funds collected so that they go to the fund for affordable housing;

#### In spatial planning, introduce the concept of commodification and separate residential units for affordable housing from apartments intended for the market and tourist services

#### The construction industry of facilities for the market has long become a trend and a way to invest free capital. Real estate became a commodity on the market and acquired the characteristics that gold and the US dollar had. Commodification also pushes the lower layers of citizens out of the cities and creates unequal access to the city. The widespread use of apartments in tourism has the same effect on housing affordability in cities. The adoption of a quota of apartments for affordable housing and the assignment of % of apartments for affordable housing by investors (example of Tirana) gives an incentive to the development of affordable housing;

#### Dissolution of the partnership formed during the establishment of the Montenegrin Fund for Solidarity Housing Construction

#### This is a Fund created through the partnership of the Federation of Free Trade Unions and the Government, whose operations have several reasons to be reviewed. With a new structure, regionalization, and working method, this Fund can be transformed into an Affordable Housing Fund that would support the development of affordable housing models at the local level through a series of models and cooperation for cooperatives, etc.;

#### Forming of the Affordable Housing Fund

#### Politicians in the country like it when they find an example from the region that they can emulate. Thus, through the new strategy and the Affordable Housing Act, the model of the development of the Fund for Affordable Housing is being investigated, the model of which can be used by the Slovenian Fund;

#### Test the CLT model

#### Community Land Trusts (from now on referred to as CLTs) are non-profit organizations based in the community whose aim is to ensure that land is managed by the community in which this organization operates. Land trusts can be used for many types of development (including commercial and retail), but are primarily used to provide long-term housing affordability. To achieve this, CLT acquires the land and permanently retains ownership of it. He enters into a long-term, renewable lease with potential homeowners instead of a traditional sale. When the homeowner sells, the family earns only a portion of the increased property value. The CLT preserves the remainder, preserving housing affordability for future low- to moderate-income families. The lease length (most often 99 years) and the percentage of earnings from the homeowner vary. Finally, by separating ownership of land and housing, this innovative approach prevents market factors from causing significant price increases, guaranteeing that housing will remain affordable for future generations. For example, there are over 225 community land trusts across the United States today;

#### Test the Cooperative model for different target groups

#### Co-housing is a unique approach to creating a community. Often referred to as an intentional community, it is just that – people living in a way they have intentionally made. These values are mostly related to a shared vision of living a certain way. More often, values revolve around living in a way that increases connection, solidarity, and environmental awareness. Although co-housing mainly focuses on the common needs of residents (families with small children, the elderly, young people, and artists...) life, it is different from a commune. Tenants have their own homes surrounding a common area where people can meet and share resources. To become a member, families or individuals invest a certain amount in the cooperative and then pay rent for the space on affordable terms.

####  Harmonize Law on housing cooperatives for the purposes of testing new models

#### The Law on Housing Cooperatives needs to be transformed and adapted to new forms of association that will ensure the equality of citizens in providing affordable housing. According to the same law, it is necessary to provide and create a Rulebook for transferring land and fees for equipping and disposing of space for testing models.

#### Development of housing navigation services –

For the model of affordable housing to come to life and to create the conditions and interest to switch to a different practice of disposing of space, which is much more challenging, it is necessary to support the development of housing navigation services for different target groups, which would later serve to direct interested users to models that have been successfully developed;

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