

Privatisation and after¹

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Introduction

The previous chapter gave an account of the historical development of large housing estates, referring also to the problems of these estates in the process of their 'natural' development. This chapter features a separate discussion of the period of privatisation (starting in the early 1980s in Great Britain and continuing on a large scale in the 1990s in the post-socialist countries), since this highly political process has had a profound effect on the future perspectives of the housing estates in these countries.

As previously outlined, the large housing estates, which are the subject of this book, have a range of elements in common. The estates were built at the same time; they were built by either a local government authority, or the state, or not-for-profit organisations; and they represented contemporary, state-of-the-art, professional architectural and engineering views on residential development. The estates also had their differences: some were the first, or even the only, modern not-for-profit housing available in a period of recovery after the Second World War and in economies with no tradition of social-rented housing;

others were a new element in established social- and public-rented housing provision. In these cases the estates did not necessarily offer the most desirable dwellings or locations and this drawback of ten became more apparent over time. In some cases this generation of public and social-rented housing was targeted at different social groups and had a different place in the policy agenda: rehousing households from urban renewal or slum housing neighbourhoods rather than meeting general housing needs.

All these elements of similarity and difference existed when the estates were built. The standing and quality of these estates, however, is not purely attributable to these initial characteristics. The history of maintenance and repair has affected the quality and attractiveness of the estates. At the same time the characteristics of the households living in the estates has changed and it has been argued that in some countries these estates have been more profoundly affected by the process of residualisation than other estates.

This chapter is concerned with a further element in the changing nature of these estates: the changes in patterns of ownership and control associated with privatisation. The characteristics of these large estates today - and the challenges for policy - are affected by privatisation and the different tenure structures arising through privatisation. The problems and policy solutions depend not only on the design, scale, and other features of the built environment, but also on fragmented ownership and privatisation.

This chapter draws on the experiences of four countries (the UK, Hungary, Slovenia and the Netherlands). This permits a discussion of the diversity of privatisation experience in Europe. In the UK, housing privatisation has formed part of the broader restructuring of the welfare state initiated by the Thatcher administration in the 1980s (Forrest and Murie, 1990) and continued by its successors. In Hungary and Slovenia, housing privatisation formed part of the widespread economic, social and political upheaval that accompanied the end of statist central planning in the 1990s. In the Netherlands, housing privatisation has been limited, in the context of a country in which welfare reform, generally, has been more modest.

The focus is on how privatisation has affected the contemporary situation in different countries. Particular attention is drawn to the fragmentation of control and the issues facing policy in relation to renewal and restructuring. We start by describing briefly the three types of privatisation and the four countries discussed here. We then refer to the nature of the large estates before privatisation and then discuss the processes and scale of privatisation. The consequences of privatisation are then considered in terms of who benefits, and of management. Finally, consideration is given to the impact of privatisation and the outcome for large post-war housing estates, the problems and issues that privatisation has left on these estates, and the responses that are currently being adopted in the various countries.

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Types of privatisation

The privatisation of former public and social housing became a common theme in housing policy throughout Europe. Privatisation itself has taken different forms; discussions of policies that have involved elements of privatisation have referred to the movement of rents towards market levels, the contracting out of various services to private sector agencies, and the transfer of ownership in various forms. This chapter concentrates on these latter aspects. It refers to the transfer of ownership, in particular to sitting tenants or other individual owners.

We draw on three different types of experience within Europe. The first example, illustrated by the UK, is where enthusiastic and wide measures to achieve privatisation prevailed. The introduction of the Right-to-Buy scheme in the UK grew out of ideological and electoral considerations and a desire to encourage home ownership for its own sake (Forrest and Murie, 1990; Jones and Murie, 1999). Privatisation nevertheless involves consumer choice. Selectivity over what is sold is consumer-driven: almost all tenants have the Right-to-Buy, and it is not time limited.

The second type of privatisation relates to those that took place in Eastern and Central Europe and were associated with changes in political regimes in the late 1980s. These privatisations have been discussed elsewhere (Turner et al, 1992; Alexander and Skapska, 1994; Hegedüs and Tosics, 1994; Mandi, 1994; Stanovnik, 1994; Tanninen et al, 1994; Sendi, 1995; Struyk, 1996; Priemus and Mandi, 2000; Lowe and Tsenkova, 2003). They are widely presented as political shock absorbers, demonstrating how changes in political regimes have direct, tangible effects on individual households and citizens. It is also argued that privatisation in these circumstances was strongly influenced by the burden that the ownership of properties with potentially high maintenance and repair costs would have placed on new systems of local government. In these types of privatisation a Right-to-Buy was a common phenomenon (and the price paid was even lower than in the UK), but it was often only available for a relatively short time period and was then replaced with a different policy. In some cases privatisation was introduced along with restitution, whereby the people who had previous claims on land or property that had been seized by earlier regimes could reclaim it (Tanninen et al, 1994; Sendi, 1995; Struyk, 1996; Fisher and Jaffe, 2000; Lowe and Tsenkova, 2003). In this chapter we have illustrated the problems and processes associated with this type of privatisation through reference to Hungary and Slovenia. While there are considerable similarities between the two cases, there are also some differences.

The third, more cautious, approach to privatisation is illustrated by the Netherlands. Along with many other European countries the Netherlands has avoided a wholesale commitment to privatisation.

Nevertheless, significant privatisation measures have been introduced, and there has been some debate and conflict over how these should be applied (Aalbers, 2004).

The policy process

Table 5.1 sets out key features of the process of privatisation in the three types and four countries referred to in this chapter.

The earliest mass privatisation is associated with the UK, where significant numbers of council houses had been sold to sitting tenants who then became homeowners well before the introduction of the Right-to-Buy in 1980 (Murie, 1976). It was the introduction of this Right-to-Buy,² however, which transformed the scale and coverage of privatisation; most accounts of privatisation see 1980 as the key date.

Legislation introduced a uniform national scheme that provided a right for almost all sitting tenants in local authority housing and the tenants of some housing associations to buy the property in which they lived. The legislation gave them clear entitlements in relation to the price at which they could purchase and the discount on market valuation to which they were entitled. These discounts were substantial and were further increased so that they could amount to 70% of the market value in some cases. Although there have been

² Strictly speaking, the Right-to-Buy has not applied in Northern Ireland but a very similar house sales scheme has operated there and in this chapter reference to the Right-to-Buy in the UK includes the Northern Ireland house sales scheme.

some subsequent modifications that reduce the maximum discount that can be obtained in some places, the Right-to-Buy provides an unambiguous entitlement to tenants. This entitlement cannot be blocked by the landlord, although stock transfer (the transfer of council housing to not-for-profit housing organisations) does affect entitlement. Where stock transfer has taken place existing tenants have a 'preserved' Right-to-Buy, but no new tenants (those with assured tenancies created after the stock transfer has been completed) have the Right-to-Buy. To this extent the entitlement under the Right-to-Buy legislation is slowly being diminished by a second form of privatisation: the transfer of ownership to housing associations. Leaving this aside, the process is activated by the tenant. Although there have been some surges in sales activity associated with changes in the detail of the Right-to-Buy, or rumours that it was to be more dramatically modified (see Marsh et al, 2003), in general the progress of the Right-to-Buy has fluctuated with housing market and economic changes Jones and Murie, 1999).

Table 5.1: Privatisation processes

	UK	Hungary	Slovenia	the Netherlands
Starting point	Public sector housing provided mainly by local authorities and comprising some 32% of all dwellings with the highest proportions in urban areas	State housing was 19% of national housing stock and 61 % in Budapest	Social housing accounted for 33% of dwellings	Social rented housing was 32% of dwellings in 1990 and 37% in 2000
Policy approach	Sustained Right-to-Buy	Big bang Right-to-Buy	Big bang Right-to-Buy and restitution	Landlord-managed sales schemes
Target	Sitting tenants to become homeowners	Sitting tenants to become homeowners	Sitting tenants and former owners	Landlord-selected properties
Wider policy agenda	Previous discretionary sales and concurrent stock transfer and other privatisation measures	Transfer of state housing to local government and revitalisation of the law on condominiums	Transfer of state housing to local government and establishment of condominiums	Increased financial autonomy of housing associations, enlargement of owner-occupied housing sector
Period	Earlier variable schemes replaced in 1980 by a uniform and continuing national scheme; some regional variation in maximum discount after 1998	Uniform national scheme between 1993 and 1994 replaced by locally variable schemes within a national 'framework' regulation	Uniform national scheme between 1991 and 1993 replaced by locally variable schemes	Increase in activity from the late 1990s; further increases expected in the next few years
Discounts	High (average 50%; maximum 70%)	Very high (mostly over 70%; maximum 90%)	Very high (approximately 90%)	Low to moderate: (up to 10% for third parties; up to 30% if sitting tenants buy their own homes)
Proportion sold	1 in 3 dwellings over the 20 years after 1980	70% sold by the mid-1990s	64% sold after 2 years	4% to 5% sold by 2004

Source: RESTATE reports

In contrast with the UK, Hungary and Slovenia have been affected by short-term explosions of activity. In these countries a Right-to-Buy was introduced, inspired by politics and following political changes (Tosics, 2001). It was introduced as a short-timescale scheme, which was subsequently replaced by locally variable schemes. The unified national schemes operated for some two years in each case, and the brief window of opportunity that these provided, together with the much greater levels of discount, explains the much higher sales figures occurring in a short time period in these two countries when compared with the UK.

In Hungary, the Housing Act (taking effect in January 1994) introduced a Right-to-Buy under which a local government authority could only resist the sale of flats in a building if the conditions of the building were very bad (health and safety aspects), if an earlier decision had been taken to rehabilitate the area, or if the building was a listed monument. If none of these circumstances prevailed, the local government had to turn the whole building into a condominium and offer all the flats for sale, even if only one of the tenants declared a wish to buy. The prices paid were very low: in most cases (where the building had not been substantially renovated in the last 15 years) 15% of the market value; and 30% of the market value if the building had been substantially renovated in the last 15 years. In each case a further 40% discount was given if the tenant paid in cash (otherwise, the tenant paid by instalments over 35 years, on a fixed 3% interest rate, although at that time inflation was around 30% per year).

Rents for public housing in Hungary were traditionally very low, covering only 20-30% of the (low) maintenance costs, and the state-owned management companies did not carry out any comprehensive rehabilitation work. This neglect had left a legacy of disrepair and after 1990 the freshly elected democratic government did not want to deal with housing. Consequently, state ownership was transferred (at no cost) to local government. These local authorities could not afford to maintain the rental stock properly, or address the backlog of disrepair, and it was much easier for them to sell this stock. The Right-to-Buy in 1993 was endorsed by the elections in 1994 (although no political party opposed the policy). Providing real-estate ownership to the citizens was also in line with the philosophy of the transition. Finally, tenants wanted to buy their flats because they were afraid of possible rent increases. In order to facilitate sales, each building concerned was turned into a condominium and the homeowners received a share determined by the floor space of their units. The local government authority remained the shareholder for the flats where the residents did not want to buy and for those units used for commercial or other purposes.

In Slovenia, the main reasons for the privatisation of the public stock were to remove the burden of high maintenance and renewal costs from the state budget, to generate a substantial amount of cash to assist the state budget during the critical period of establishing an independent economic base, to redistribute the wealth accumulated as 'public property' during the period of socialist rule, and to establish better housing management and maintenance and the refurbishment of multi-family housing. The 1991 Housing Act transferred the entire public housing stock into the ownership of the local authorities, which were obliged to sell dwellings to the sitting tenants if they or any of their immediate family expressed a desire to purchase. In this transaction, the buyer was entitled to: a 30% discount on the total value of the dwelling; a further deduction of the amount (calculated using a correction coefficient) the tenant had been obliged to pay during the period of tenancy as a 'contribution'³ to the social housing fund; and a discount equivalent to personal investments in the housing unit in the form of improvement.

The tenant purchaser could either pay 10% of the total amount within 60 days of signing the purchase contract, with the rest to be paid in equal monthly instalments for the next 20 years; or pay the total amount within 60 days of signing the purchase contract. This latter method of payment attracted a 60% discount on the cost of the dwelling. This privatisation model applied equally to all public rental dwellings all over the country, with the major exception of restituted housing. The conditions for the privatisation of restituted property (previously nationalised housing) differed slightly from those described above. The sitting tenants in nationalised housing had three options.

³ The Housing Management Act passed in 1981 required all public housing tenants to pay a personal contribution (also popularly referred to as 'participation') into the housing fund intended for the construction of 'solidarity' housing. The level of contribution, refundable after ten years, varied and was determined as a percentage of the total value of the housing unit, also taking into consideration the social status, health situation, and economic capacity of the tenant.

They could either purchase the dwelling under the terms described above, on condition that the new landlord was willing to sell the property; or, provided nobody filed any claim for restitution, relinquish their right to the dwelling, in which case they would be entitled to a compensation of 30% of the value of the dwelling plus a loan of an equal amount with favourable terms of repayment; or stay on as tenants of the new landlord. Taking into account all the discounts and deductions, it is estimated that the average selling price for the dwellings sold off under the Right-to-Buy was a mere €100 per square metre, which is approximately 10% of the then average market value in Slovenia.

In both Hungary and Slovenia the transfer of all housing to local authorities and the establishment of condominiums for all dwellings in buildings where even one sale was completed meant that the whole stock (except for buildings that no one wanted to buy and buildings that were not available for sale because of renewal schemes, poor repair, or protection as a monument) was affected by privatisation and not just the stock purchased by sitting tenants. But the proportion of tenants who bought was also high and the brief window of opportunity within which advantage could be taken of the more generous Right-to-Buy in these countries was a key influence. While tenants triggered action - as in the UK - the pressure to take up the offer quickly before it diminished in value could be perceived as pressure from government authorities to hasten the process; the costs of delay for tenants acted as a strong pressure on uptake.

Finally, there has never been a Right-to-Buy in the Netherlands. Unlike the countries referred to above, the Netherlands' approach to the sale of properties has been more cautious (Aalbers, 2004). At no stage has the political leadership been convinced by the case for privatisation. In addition, the relationship between the state and the main providers of social-rented housing has been different from elsewhere. The most important social housing providers - the housing associations - were formerly privately regulated institutions. Although they came to function as branch offices of government in the 1950s, 1960s, and 1970s (when social housing was built in massive quantities), the associations became more independent of both central and local government in the 1990s.

Until the early 1990s, it was virtually impossible to voice the idea of selling social housing in Dutch political circles. The few attempts that were made were rather half-hearted (Boelhouwer, 1988; Frissen et al, 2001). Because so many conditions were attached to sales, they were very few. With the policy document 'Housing in the Nineties' (Ministerie VROM, 1989) the central government took its first steps towards a withdrawal from the housing market, and privatisation became more common, but only since the late 1990s has privatisation been a serious issue.

In the mid 1990s the Dutch Labour Party (PvdA) announced its plan to coerce the housing associations to sell one million of their approximately three million social housing units. After much discussion, the original Right-to-Buy idea was abandoned because the Dutch Labour Party does not hold the majority of seats in parliament and was unable to persuade other political parties to agree to the plan. Many members of parliament who opposed it were afraid that a Right-to-Buy scheme would lead to the marginalisation and residualisation of the social housing stock (the British situation was sometimes referred to as a 'worst case scenario'), while other members of parliament indicated that they did not have the power to force the housing associations into a Right-to-Buy scheme. A new plan emerged for a more moderate 'Stimulation-to-Buy' scheme that would offer subsidies to low-income households towards purchase. A majority of members of parliament supported the Stimulation-to-Buy scheme and this was included in the Promotion of Home Ownership Act (BEW), passed in 2000 and coming into force in 2001, and the 2000 Policy Document on Housing.

What has emerged from this is an arrangement of landlord-driven managed sales schemes in which the landlord chooses what to sell. Although there has periodically been pressure from the central government to adopt a more general approach to privatisation, the process has remained firmly within the control of the housing associations. The volume of sales under these schemes has been very much lower than in the other two cases, although it has risen in recent years; the Minister of Housing has frequently stressed that a 'change of attitude' is needed. Although the minister has little direct control over the independent social landlords, this change of attitude has taken place inside most of the organisations dealing with social housing. However, the properties and estates included in sale schemes have been selected by the landlords and not by the minister or the tenants.

Who benefits?

Much of the research literature associated with housing privatisation has focused on who benefits from the process. There are subtle, and even major, differences in this respect. Perhaps the most substantial body of evidence relates to the sale of council houses in the UK where the better, more attractive properties have been sold (especially houses with gardens). The purchasers tend to be the more affluent of the households who were council tenants (middle to lower income groups in relation to the population as a whole, but not including the highest or lowest income groups) and in the middle of the family cycle (see the summary of various evidence in Jones and Murie, 1999).

Properties in blocks of flats, and particularly in those blocks that were built in the 1960s and 1970s, are less likely to have been bought. To some extent the Right-to-Buy in the UK has creamed off the best properties and the most affluent tenants from the state housing sector and the housing association sector, leaving a social-rented sector that is more residual in terms of property and with a narrower social profile of tenants.

In contrast, in Hungary and Slovenia the scale of uptake of the Right-to-Buy is much higher. All tenants except the very poorest have participated in the Right-to-Buy. The process has been less socially selective than in the UK and less selective in terms of property types.

This is partly because the large post-war mass housing estates in these countries provided some of the best-quality housing in the best condition, especially when compared with the run-down, older properties in the cities. Consequently, the comparative attractiveness of these properties is generally higher than those in the UK, where they fit into a much more ambiguous position and would often be regarded as forming the bottom end of the housing market. Even so, give-away privatisation in Hungary generates a huge equity problem arising from the difference between the market value and the discounted selling price. Taking into account the fact that the best public housing units were allocated according to merit in the socialist period, it is estimated that 40% of investment value went to households in the top quarter of the income distribution, while only 17% went to the lowest quarter (Hegedüs et al, 1996).

In Slovenia there were two major groups of beneficiaries of public housing privatisation: the sitting tenants, who were given the opportunity to become homeowners at minimum cost; and the state, which acquired substantial financial resources in the process and also succeeded in ridding itself of the burden of housing management and maintenance. Those households living in apartments with a high market value (in the centres or in other favourable locations of major cities) benefited the most. On the other hand, the losers were the households living in restituted dwellings, where Right-to-Buy was severely restricted. Most of these people are now tenants living under a constant threat of eviction (Sendi, 1995; Mandi, 1999).

The pattern of benefit in the Netherlands is not so clear-cut, because of the selective process of sale orchestrated by landlords. Since landlords are intent on selling properties in order to achieve other objectives and, more importantly, because many tenants have declined the offer to buy their homes (not only because the monthly mortgage payments would be much higher than the monthly rent) a sale to third parties in the Netherlands is also possible, so that the beneficiaries of privatisation are not restricted to sitting tenants.

New management arrangements

Perhaps the most important impact of privatisation for the future management and development of the large post-Second World War estates is the change in the patterns of ownership and management of the estates. In this respect the Netherlands has seen relatively little change. The process of privatisation has sometimes been undertaken along with urban renewal projects. The new mixed-tenure neighbourhoods will have differences in ownership with respect to the previous housing association estates, but the major restructuring and renewal will have already taken place and the process will have been orchestrated by social landlords. Looking even further ahead, the patterns of ownership and control are familiar in the Dutch context and there is no reason to believe that they will present particular problems in the future.

At the opposite extreme, the situations emerging in Hungary and Slovenia involve a condominium arrangement, but there are serious questions about how effectively these operate, especially in relation to the properties in the worst condition and the owners who have the fewest resources. In Slovenia, for example, the low-income homeowners are already experiencing considerable difficulties in meeting the costs

associated with home ownership (Sendi, 1999, 2004). In Hungary there has been a Condominium Act in operation since 1924 (although designed mainly for new buildings) and it has not been rescinded. In Slovenia there was no Condominium Act and the legal basis for regulating the condominium system was provided by the Housing Act and the Property Code.

The situation in the DK differs from that in the Netherlands, Hungary, and Slovenia. Many of the properties sold under the Right-to-Buy, including some in the large post-war estates that are the focus of this book, were houses with gardens, and in these cases properties are sold on a freehold basis. The individual freehold owner has no obligation to cooperate or participate with other owners in any developments except those obligations established under common law.

Where properties are sold in blocks of flats the situation is different, but it involves a leasehold rather than a condominium arrangement.

The leasehold system means that, when individuals buy a flat within a block, they become responsible for what happens within their own flats, but there also continues to be an obligation on the part of the freeholder to maintain the common areas and the basic structure of the property.

So, in the British situation, the local authority that owned the whole block continues to be responsible (as the freeholder) for these services, and charges the leaseholders for their share of these costs. The leaseholders have to be consulted: there is a body of law that sets out what the freeholder can and cannot do. However, as long as the freeholders are working within this law, they do not require the consent of the individual leaseholders before embarking upon expenditure, and they can charge the leaseholders accordingly whether or not they have given consent.

Consequently, the local authority continues to bear a responsibility and is accountable to tenants as well as owners for the way in which they fulfil that responsibility. The local authority carries out repairs and maintenance to common areas and to the fabric of the dwellings;

it is argued that this responsibility removes the likelihood of the properties falling into serious disrepair.

There are issues about how individual owners can afford the charges that derive from this, but this problem is resolved through other processes. There is legal provision for a change in this pattern of management and ownership if a sufficient number of leaseholders get together to seek to alter the arrangement under the new commonhold regulations, but in general the local authority or housing association to which stock has been transferred continues to be the freeholder and will carry out the responsibilities involved under the terms of the sale of the properties for the maintenance and repair of buildings.

In situations where it is difficult to obtain agreement from individual households living in a block to incur expenditure for the maintenance of the fabric, the leasehold system may be a better protection of the quality and condition of the property, although a leasehold arrangement may not be sufficiently sensitive to the income and resources of households. In this sense the sale of properties in the UK has not generated the subsequent problems of maintenance and repair that have become apparent in Hungary or Slovenia.

However, there are other problems that are more common across countries. There are affordability issues for some low-income owners who could afford the low purchase price, but have subsequent problems when faced with large bills for maintenance and repair (Forrest et al, 1995). More importantly, the fragmentation of ownership becomes a problem when the policy agenda is concerned with the improvement of properties rather than just maintenance and repair, or with major urban renewal. In the UK system, leaseholders can be charged for maintenance and repair, but they are not obliged to meet the costs of improvements and if a landlord embarks upon major restructuring including, for example, the demolition of properties, the landlord will have to buy the leasehold property by negotiation or ultimately through compulsory purchase. The problems faced in this situation are more comparable with the condominium-based arrangements. This is the point where the fragmentation of ownership becomes a real barrier to action. It is also evident in the UK that some tenants, and speculators operating through tenants, have identified the opportunity to make a speculative gain through this renewal process, and properties have been bought on estates scheduled for major improvement and restructuring in order to make financial gains from the process of renewal (Jones, 2003).

Impacts and outcomes

As will be evident from the discussion above, the impact and the outcomes of the privatisation process are very different in the various countries described here. Privatisation has had a very limited impact on estates in the Netherlands, and the impacts have generally been planned. The remaining estates are still predominantly rented; in several cases, privatisation has taken place alongside active restructuring both in terms of dwelling types and tenures. If the impact in the Netherlands is limited, the impact in the UK has been moderate and has varied geographically, by type of property and according to tenant characteristics. If we were talking about some other parts of the social-rented housing stock, the impact would have been more substantial, but the large post-Second World War housing estates, especially those consisting of non-traditionally built medium- and high-rise properties (flats and maisonettes), have had the lowest rates of sale of property in any parts of the council sector. However, 25 years on from the introduction of the Right-to-Buy, virtually all parts of the council housing stock have been touched by privatisation. Although the proportions of properties sold may be low, there have been some sales in almost all parts of the stock. In the large estates there is mixed tenure; there are leasehold management problems in the flatted accommodation involved. Perhaps just as important is the increased concentration of deprived households on these estates. Sales of properties have been at a higher rate in other estates and the impact of this differential is that households seeking social-rented housing are more likely to find themselves being housed in the large post-war estates. Whereas other estates may retain a social as well as a tenure mix, the large post-war estates are more likely to be affected by the general change in the profile of households in the social-rented sector.

In the 'big bang' privatisations illustrated in this chapter by Hungary and Slovenia, the impact of privatisation has been more dramatic. Before 1990 public-rental housing was almost exclusively in buildings that were wholly state-owned and this changed dramatically. There is a school of thought that housing privatisation was executed too quickly, without sufficient consideration being given to all the possible outcomes (Turner et al, 1992; Struyk, 1996; Lowe and Tsenkova, 2003).

In Slovenia, those who were unable to take advantage of the Right-to-Buy (non-public-housing sitting tenants at the time) contend that the measure was unfair, since it benefited only some, while everybody had participated through the monthly contributions mentioned earlier in the creation of the public housing stock. Disputes still continue regarding the rights of the sitting tenants and those of the new landlords of restituted dwellings, and there are no indications of any viable solution to the problem being found in the near future. Coupled with the condominium arrangements and the economic restructuring that has left many households with very low incomes, the privatisation of housing has transformed ownership and management processes, but offers no general prospect of responding to the problems associated with housing quality, maintenance, repair, improvement or renewal.

Problems and responses

When the large post-Second World War estates were built in each of the countries discussed in this chapter they were generally regarded as state-of-the-art neighbourhoods. They were the result of state-of-the-art planning, and the quality and condition of properties were regarded as very high both by the professionals involved and the new tenants who moved onto the estates. In the subsequent period the standing and condition of these estates has often declined (see also Chapters One and Two). The problems they present to policy makers and to residents have been further affected by privatisation, as described in this chapter.

The present characteristics of these estates are now different from those pertaining when they were first built, and the estates also differ from each other, partly because of privatisation. The estates represent the layering of a number of processes and characteristics. First, there are those associated with their origins and initial development and their position in the housing hierarchy within cities; second are the processes of repair and improvement, and the adequacy of investment in the subsequent period. Layered on top of this are the processes of use and the changing population living in the neighbourhood; this relates in particular to the position of the housing tenure and the housing estate in the hierarchy of choice within cities and countries.

Then come the changes in ownership and control associated with privatisation. It may be argued that the next layer is the policy responses that are emerging today and will develop over the next period.

The post-privatisation character of these estates is significantly different in the countries discussed in this chapter. There has been a divergence because of privatisation and the processes of investment in property associated with privatisation. In the Dutch case, privatisation may sometimes be connected to the process of the modernisation and renewal of estates. While there is a policy agenda involving the expansion of home ownership and apolitical impetus towards privatisation for its own sake, it is not this agenda that has driven change on the estates. In several cases estates have changed their patterns of ownership and control as part of the management of renewal and restructuring. Estates are at different stages in the process of change.

Some have already been significantly modernised while others are at an early stage. Because of this time lag, they have different tenure mixes and different housing conditions. In some cases the estates have been affected by the polarisation of tenures, with the tendency for middle and higher income groups to prefer home ownership. However, because of the development of mixed-tenure estates, the increasing polarisation between tenures does not necessarily mean polarisation between estates, although polarisation within estates can ensue.

This same argument applies to a lesser extent in the UK. The large post-war housing estates are generally perceived as the least popular and least attractive options within the portfolio of social-rented housing in the UK. They have higher proportions of flats and maisonettes and are generally regarded as less attractive than the traditionally built estates of houses with gardens that form the majority of the council housing sector. While the council housing sector as a whole has been affected by residualisation and socio-tenurial polarisation, the effect has been most pronounced in the least attractive parts of the stock; consequently, it is of ten the large post-war estates that have the highest rates of turnover and the lowest levels of demand. It is also evident that these are the estates which privatisation affects least directly. The uptake of the Right-to-Buy is lower in these estates, so the 6:-agmentation of ownership is less. Local authorities remain as the 6:-eeholder and have responsibilities for the maintenance of the common fabric of the dwellings. While the pressures on these estates arising from residualisation and polarisation and the damaged reputation of the estates are important, and have be en made worse by the Right-to-Buy, the fragmentation of ownership is on a smaller scale than in Hungary or Slovenia. Nevertheless, that fragmentation of ownership does incorporate an additional complication when it comes to the restructuring and renewal of these estates. Privatisation was not carried out with agendas related to the quality and condition of properties in mind. It was driven by ideological and electoral factors, and the legacy in terms of the problems of managing and restructuring estates is accidental, a very different state of affairs from that in the Netherlands.

The situation in Eastern and Central European countries, as illustrated in this chapter by Hungary and Slovenia, is even more dramatic. In this case the drive to privatisation was associated with political and economic changes. If it was influenced by an explicit housing policy agenda, that was to shift the burden of repair and maintenance away from local authorities. However, the condominium arrangements that are the legacy of the policy are not operating effectively to achieve the repair, maintenance, and efficient management of these estates. This deficiency is especially true in relation to the properties that are in the worst condition, perhaps because of the poor quality of their construction, and in the estates where the residents have the lowest incomes. The condominium arrangement relies on mobilising consent between owners to carry out significant investments together. Where the repair, management, and maintenance costs are high and not likely to be fully reflected in sale prices, and where the owners have low incomes, consent is less likely to be forthcoming. At the same time the fragmented pattern of ownership presents a real barrier to many of the approaches to renewal and restructuring that have been adopted elsewhere, including in the Netherlands and the UK. Against this background the responses in Slovenia are to strengthen condominiums, to raise awareness among condominium flat owners about their homeownership obligations, and to attempt to improve the efficiency of management and renewal. In Hungary, the Condominium Act has been amended (decreasing the 'blocking right' of the minority of owners in the case of decisions on renewal) and some subsidies have been introduced to stimulate the renovation of privatised, multi-family buildings (Tosics, 2004).

The nature, extent, and legacies of privatisation are very different and present different problems in relation to the future of these estates in the various countries considered. The immediate tasks for the agencies seeking to respond to the problems on the estates reflect this. Perhaps in the Netherlands the framework for renewal and restructuring needs very little change - until the next time major investment activity is needed. In the UK the process is much more complicated, and winning consent and support for major policy

initiatives now involves negotiation with a much more diverse assortment of interest groups and stakeholders. Some situations have arisen where the Right-to-Buy significantly increases the costs and delays associated with renewal.

Finally, in the cases of Hungary and Slovenia, the changed legal and ownership situations present an entirely new challenge for policy makers; without significant funding from elsewhere the problems of winning consent to major initiatives may prove insurmountable.

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