Management of Privatised Housing

*International Policies & Practice*

Edited by

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Preface

Sale of public and social housing has been a major aspect of housing policies in the past decades. The number of sold dwellings has risen enormously due to privatisation tendencies and governmental retreat from the housing area. This kind of privatisation has occurred most radically within Eastern European countries and China, but has also taken place within some Western European countries and Australia. In all countries, sale of (formerly) social dwellings has lead to new problems for housing management. As a result of the privatisation, many estates are now in a state of mixed public and private ownership, which raises questions about the division of responsibilities between respective owners. Adequate legislation to deal with this situation is lacking. The public managers are sometimes hampered by the (still) bureaucratic mechanisms within their organisations, while the new owners are not used to being responsible for the maintenance of their dwellings. Furthermore, there are limited financial resources for maintenance and renewal among public and private owners. At the same time, the need for investments is pressing, particularly within the massive housing estates dating from the Communist era. Thus, the management of privatised housing is an important topic of international concern, which could benefit from an international exchange of knowledge. Therefore, we decided to initiate an international comparative research project. Following our positive experience with the book *Asset Management in the Social Rented Sector* (Gruis and Nieboer, eds, 2004) we invited researchers within the European Network of Housing Research (ENHR) to contribute to the book experiences within their own countries. We formed a group of researchers within the ENHR working group ‘Housing Regeneration and Maintenance’ and we invited some other people through our personal networks to participate as well. The project was launched at the ENHR conference 2005. At the ENHR conference in 2006, we held a workshop during which the majority of the authors presented and discussed the draft chapters. Now, after several rounds of editing, the final result is before you. We believe the book is a significant contribution to the international literature on this topic. We hope it is useful to all who are in some way involved in the management of privatised housing, that it provides a good basis for further research and that it helps to increase the attention of policy-makers for this difficult, but important matter of social concern. We gratefully acknowledge the financial support of the University of Calgary Research Grant and the Delft University of Technology Research Center Sustainable Urban Areas for the preparation of the manuscript. Furthermore, we are very grateful to Blackwell for granting
us the opportunity to publish the book in their series on Real Estate Issues and in particular to Lucy Alexander, Madeleine Metcalfe and the team at Newgen Imaging Systems [P] Ltd for guiding us through the publication process. We would also like to mention Jet Derksen who has done a lot of work on preparing the manuscript for publication. Finally, and foremost, we thank the authors for their contributions and for their patient willingness to react to our queries.

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Introduction

Vincent Gruis, Sasha Tsenkova and Nico Nieboer

Scope and aim of the book

The later part of the twentieth century marks a turning point in both Eastern and Western European housing policies as well as in other continents. As, for example, Forrest and Lee (2003, p. 264) point out ‘Europe, Australasia and the USA were characterized by a receding involvement in public housing and a general instability within different housing systems in the 1980s and this trend has continued through the 1990s and into the new century’.

In former communist countries the transition to markets and democracy rapidly introduced market-based housing systems. The main instrument used to achieve this transformation was the massive privatisation of the public housing stock. Many of the public dwellings were sold (or in some cases almost given away) to the tenants, resulting in a rapid increase of homeownership in Eastern Europe (Tsenkova, 2000). This privatisation, however, entailed new management problems. As a result of the privatisation, many estates are now in a state of mixed (public and private) ownership, which poses legal and financial challenges with respect to the division of responsibilities between public and private owners (Lux, 2003). Both the public managers and the new owners often lack the financial resources for maintenance and renewal (Tsenkova, 2005), while many socialist housing estates are of relatively poor quality and ageing rapidly.

In Western European countries and in Australia, housing systems have been reformed due to neo-liberal developments characterised by deregulation, decentralisation and privatisation tendencies. Within the housing sector, this has resulted in, among other things, the sale of public and social rented dwellings (Uitermark, 2003). Sale to households occurred most radically in England where a large part of the local authorities’ housing stock
was sold to the tenants under the ‘Right to Buy’ (Jones and Murie, 1999). Sale of social rented dwellings has also occurred in The Netherlands and France, among other places, as a result of government policies to encourage homeownership. In Australia, the State Housing Authorities sell public rented dwellings in order to cope with overall financial shortages, among other reasons (Larkin, 2000). Although the Western European institutional, legal, economic and cultural context for the management of privatised housing is much more favourable than in Eastern Europe, the management of privatised housing is not without problems (Bouwcentrum International, 2005). These challenges are often concerned with the financial problems of former tenants of social rented housing and new owners; social conflicts between homeowners and tenants in partly privatised estates, and a lack of clarity and mutual understanding between landlords and homeowners about the management and maintenance of the estates (Murie, 1999; Jones and Murie, 2006).

In summary, a significant share of social rental housing has been privatised (sold to tenants) in many countries during the past decades (Forrest and Lee, 2003; Jones and Murie, 2006). The management of privatised estates with mixed ownership can pose various problems regarding property rights and the quality, organisation and financing of maintenance and renewal (Jones and Murie, 1999, 2006). Thus, the management of privatised housing is an important topic of international concern, which could benefit from an international exchange of knowledge. However, studies concerning privatisation, and in particular its consequences for housing management, are scarce. Some books have been published that deal with the theme of housing privatisation, mostly in England and in the former Soviet Union and Eastern Europe (Forrest and Murie, 1984; Clapham et al., 1996; Struyk, 1996; Forrest and Lee, 2003; Lowe and Tsenkova, 2003; Jones and Murie, 2006). Publications on the transformation of the social rental housing sector and its effect on housing management in a comparative perspective usually focus on a particular country and address other aspects of housing policy reforms, such as privatisation and subsidies. Several recent publications from major presses have begun to fill this gap, including Gruis and Nieboer (2004) on housing management in the social rented sector and Turkington et al. (2004) focusing on problems within high-rise housing estates. However, none of these studies have an approach that explicitly explores housing management issues in estates with mixed ownership. This book aims to fill this gap and contribute to knowledge exchange about management of privatised housing. It focuses on the following central questions:

- Which sale/privatisation policies have been pursued by governments, and public and private landlords?
- What approaches have been developed to deal with management in such estates?
Introduction

Which management problems occur in (partly) privatised estates?
What differences and similarities can be found in approaches and problems between countries?

The main part of this book consists of a number of country monographs about these problems and challenges, written by a group of researchers from Europe, Australia and China, each from the perspective of their own country. These monographs are preceded in this introduction by a general overview of the international developments and challenges in relation to the above questions, and an explanation of the approach to the research underlying the book. Naturally, comparative conclusions are drawn in the last chapter.

Developments and challenges in former communist countries

In Eastern Europe, the 1990s marked a departure from a ‘command system’ of housing provision, with deregulation of housing markets and privatisation of public housing being the flagship of the reform process. Privatisation of public housing has fuelled the expansion of homeownership, creating ‘nations of homeowners’ with levels of homeownership higher than 80% (Clapham et al., 1996; Tsenkova, 2000). In China, following Deng’s launch of the Four Modernisations in December 1978, there has been a process of ‘recommodification’ of the housing market, including substantial privatisation of the (urban) housing stock (e.g. Davis, 2003; Jones and Murie, 2006).

In the context of the shift away from direct state intervention to market-based provision of housing services, new owners were expected to assume major responsibilities for housing maintenance and management. In recent years, East European countries have chosen different strategies to address major issues related to the management of privatised housing. Whereas these strategies have not been explored in a systematic manner, there seems to be a consensus that most countries face multiple challenges (Lux, 2003; Dubel et al., 2005; Tsenkova, 2005). First, a significant share of the housing stock in the region is in the form of multi-apartment housing with substantial needs for investment in technical improvements of engineering systems and building envelopes (Bouwcentrum International, 2005)¹. Second, the absence of efficient intermediaries (condominiums and homeowners associations), along with the uncertain legal framework, makes it difficult to mobilise funds for routine investment in maintenance and renovation, leading to further deterioration of the stock. Third, affordability constraints faced by households and their strategies to cope with the escalating price of utilities reduce their ability to invest in maintenance and renovation.
Management of Privatised Housing

(Tsenkova, 2005). The cumulative impact has been a significant decline in the quality of multi-family housing, particularly in the housing estates across the region.

Housing privatisation strategies mainly differ with respect to the price at which dwellings were sold to existing tenants. They can be grouped into the following categories: voucher privatisation (Bosnia-Herzegovina), privatisation free of charge (Albania, Moldova), and low-price privatisation (Bulgaria, Romania, Serbia and Montenegro). The extent of sales has varied considerably both within and between countries. The low-price strategy, typically at less than 15% of the real market value of the dwelling unit, has created a flood of sales. Privatisation progressed rapidly in Albania, Bulgaria, Moldova and Romania. Despite its late start in Bosnia-Herzegovina and Latvia, more than half of the socially-owned housing has been privatised. With regards to the size of ownership transformation since 1990, the ‘fore-runners’ are Albania, Croatia and Romania [see Figure 1.1]. Out of 3.5 million public housing units in South East Europe, 2.8 million were privatised to sitting tenants; most of these were in multi-apartment housing (Hegedüs and Teller, 2003).

Pace of housing privatisation

Mass privatisation policies of public/state owned housing, mostly through transfer to sitting tenants (free of charge, through vouchers or sale at nominal fee) have reduced the size of the sector significantly [see Struyk, 1996]. These policies were pursued at different paces across the region creating two

![Figure 1.1](http://www.informaworld.com)
groups of countries [see Figure 1.2]. The first group [e.g. Albania, Estonia, Hungary] has a small residual public housing sector (<5%), which targets low-income households. At the other extreme, there is a group of countries where the sector is of considerable size [e.g. The Czech Republic, Russian Federation, and Latvia].

**The evolving legal framework for housing management**

Legal reforms introduced in the mid-1990s have provided the legal framework for the organisation of owners, as well as procedures for the enforcement of rules and obligations. The new laws have defined with various degrees of detail rights and responsibilities of ownership, and the procedures of sharing common costs. Several barriers to the implementation of these laws exist. First, individual owners have been reluctant to establish new organisations and to assume a wide range of responsibilities without the appropriate legislation. Second, the administrative procedure of establishing a condominium as a legal entity has proved to be quite complicated and costly. Third, the laws have typically provided largely inadequate guidelines regarding cost-sharing mechanisms and enforcement possibilities (Tsenkova, 2004).

Most countries in the region have introduced condominium ownership, or its equivalent, based on historical interpretation of multi-apartment ownership in existing property legislation. The new legislation has typically defined *Homeowners’ Associations (HOAs) or Condominiums* as the institutional entity which manages multi-apartment housing, meets financial obligations and initiates contracts and renewal projects. Most HOAs are not registered as legal entities, thus, behind every contract there are individual
owners. Although the new condominium legislation in Albania, Moldova and Romania stipulates mandatory HOAs, only 20% of the condominiums in Romania and 15% of those in Moldova have established such associations (UNECE, 2001). In Albania, Latvia and Lithuania, for example, progress has been very limited in this regard.

The triple challenge for housing management

Housing reforms in the last decade have created new conditions for housing management. A series of legal, institutional and financial reforms has been carried out, but the transformation process has failed to define a system that is efficient. Essentially the transition from a centralised and excessively subsidised system to one based on market competition, private ownership and cost recovery for housing services has been particularly difficult.

Technical challenges

The collective form of housing provision in Eastern Europe in the past has had an important effect on housing management, not only in terms of institutions and legal challenges, but more importantly in relation to the technical conditions of multi-apartment housing. Some estimates for eight countries in South East Europe, based on aggregated data from 2000, suggest that close to 6 million dwellings, mostly privately owned, are located in multi-apartment housing (Hegedüs and Teller, 2003). Although most urban multi-apartment housing is less than 30 years old now, its initial quality was not very high. Panel technologies featured prominently in Bulgaria, Moldova and Romania, while former Yugoslavia experimented with industrialised methods of high rise construction. In Albania panel housing comprises one third of the stock, while in Bulgaria and Romania, panel housing makes up close to one fifth. Reportedly, half this stock is in urgent need of repair and energy efficiency improvements (Council of Europe, 2004).

Most observers in the region have concluded that the deterioration process in parts of the urban stock has reached a critical stage. Subsequently, inadequate investment in maintenance as well as deferred capital repairs have aggravated the technical problems with leaking roofs, obsolete installations, elevators and poor wall insulation (Bouwcentrum International, 2005). Anecdotal evidence reports cases of falling walls, balconies, chimneys, and so on. In some cases buildings are unsafe and in hazardous condition and clearly do not meet the Building Code requirements. The function of inspecting and initiating action is usually vested with central inspectorates (Romania, Macedonia, and Albania); however in practice little is done to enforce these rules.
Social challenges

In most cases, multi-apartment buildings have a social mix, which is inherited from the previous system of housing allocation (UNECE, 2000, 2001; Lux, 2003). Income and labour market inequalities in recent years have dramatically changed the socio-economic profile of these egalitarian societies. Differences in income and social status have become more pronounced and poverty has increased (Tsenkova and Nedovic-Budic, 2006). A characteristic feature of the ‘nations of homeowners’ in Eastern Europe is the lack of debt related to their housing assets. A survey of housing costs for 2003 in selected countries in the region shows a distorted pattern. First, housing costs consume less than 8% of the household budget, which is much lower than the EU average (see Dubel et al., 2005; Tsenkova, 2005). Second, expenditure on utilities is much higher than spending on maintenance and other housing related costs. The consequences, no doubt, are further deterioration in the quality of housing and a failure to mobilise resources to maintain significant household assets.

One of the reasons for the poor maintenance of multi-apartment buildings lies with the difficult financial situation of owners. The prices of housing-related services increased at a period of economic decline, which, due to the lack of any system for social support, resulted in accumulated arrears. In the absence of support for housing and utility services, more affluent owners have continued to subsidise their neighbours and to finance urgent repairs. Others have just cut back on individual consumption, such as central heating (nearly half of the households in Sofia have opted out of district heating for financial reasons). Despite different coping mechanisms, arrears are widespread and a lack of payment discipline common. Studies have reported a lack of respect for the law as well as refusal to pay regular contributions for the maintenance and modernisation of common areas in privatised residential buildings (UNECE, 2002).

Financial constraints

Lack of adequate financing is considered a major constraint for housing management in multi-apartment housing. For example, investment required for the renovation of multi-family housing across Europe is estimated at EUR 350 billion, and 65% of that is needed in Central and Eastern Europe alone. The refurbishment and regeneration of high-rise housing estates in Europe is the single most important housing issue facing the European Union today (Bouwcentrum International, 2005). In most cases multi-apartment buildings have reached a critical stage in the life-cycle assessment where a major infusion of capital will be needed to bring them back to standard. The buildings are poor quality and the current stream of revenues does not ensure sufficient funds for renovation and improvement of both installations and the
Management of Privatised Housing

building envelope (roof, foundations, elevation, etc.). Renovation planning is also problematic within the context of unclear financial and management responsibilities. Furthermore, in addition to the technical and social challenges, it is difficult to borrow funds for major improvements, which requires audited financial statements of the condominium and collateral (Merrill et al., 2003; Butler et al., 2004). Banks often request individual owners to sign on a mortgage or a loan contract, which makes the process extremely cumbersome and costly. Lending institutions have not developed any products for renovation of multi-apartment housing and the high interest rates (over 10% in 2004) certainly discourage borrowing.

The financing of rehabilitation requires specially designed credit lines and some incentives (tax exemptions, rebates, etc.) to facilitate the process. The key issue is mobilisation of funds, savings [including intergenerational savings], loans and mortgages to pay for rehabilitation and renewal. Various mechanisms can be used to encourage financial institutions to develop competitive products [state guarantees, shallow subsidies, insurance]. This needs to be complemented by targeted subsidies and reversed mortgages for low income owners to allow renovation measures to proceed on a large scale for the whole building.

These developments sketched in broad strokes reflect very general aspects of the transformation process in the post-privatisation stage and the challenges for housing management in different national housing systems. A series of legal, institutional and financial reforms have been carried out, but the transformation process has yet to define a system that is efficient. Essentially the transition from a centralised and excessively subsidised system of housing management, to one based on market competition, private ownership and cost recovery for housing services, has been particularly difficult.

Developments and challenges in Western Europe and Australia

Public or social housing has not developed in Western Europe and Australia to the extent it has in Eastern Europe and (consequently) privatisation has not taken place at the same pace either. Furthermore, privatisation in ‘Western’ policies is not necessarily associated with the sale of social rented dwellings as it is in countries with former communist regimes. Rather, privatisation is associated with neo-liberal policies of government deregulation, decentralisation, cut-backs in expenditure for (semi) public services and an overall increase in market-orientation in the public sector. In this broader context, privatisation stands for the withdrawal of direct government control by transferring government-owned and operated institutions
Introduction

The sale of social rented dwellings has taken place at a relatively slow pace in Western countries. In many Western European countries, it is non-existent and sometimes even prohibited by the government. Nevertheless, sale of social rented dwellings has become a significant phenomenon in some countries, and can be seen as part of the wider neo-liberal policies with which privatisation is associated. Such countries are: the United Kingdom, The Netherlands, France and Australia (see Gruis and Nieboer, 2004). Table 1.1 gives an overview of the number of social rented dwellings sold in these countries in recent years. As one can see, sale generally accounts for a limited share of the social rented housing stock. A relatively high number of public rented dwellings have been sold in England, mainly because of the introduction of the Right to Buy (RTB) in 1979. It must be noted, however, that sale of local authority dwellings also occurred before the introduction of the RTB, particularly during periods of Conservative government (Nazir, 2006, based on Forrest and Murie, 1984). After the introduction of the RTB, most dwellings were sold under this regime.

In some countries, specific schemes have been developed to make sale more attractive for low-income households, in the shape of ‘innovative tenures’: forms of tenure that are a mix of regular sale and rent contracts (e.g. Gruis et al., 2005). In the UK, for example, shared ownership has been developed, in which homeowners buy a share of their property from an RSL and pay rent for the remainder. Other schemes in the UK include discounted sales of empty properties by local authorities, and interest-free equity loans and cash grants for tenants to help them move out and buy a property on the open market. (This latter scheme is not available in Northern Ireland. Source: www.statistics.gov.uk.) In The Netherlands, housing associations have introduced various innovative types of tenure, for example forms of sale with discounts and risk-reducing conditions, although none of these have been applied on a large scale (see Gruis et al., 2005 for an overview).

In the Western context, sale of social rented dwellings can take place on various grounds. From Murie (1999) we extract three main justifications. One ground for justification of sales can be found in political objectives [sale as a ‘merit good’]. For example, the introduction of the RTB in the UK was largely justified in terms of extending opportunities for homeownership to a group otherwise excluded (Murie, 1999). Sales can also be seen as a result of wider societal developments and related political preferences. This is probably best illustrated by the mass housing privatisation in post-socialist countries associated with the transition to market economies. In Western regimes the sale of social rented dwellings is often associated
Table 1.1  Sale of social rented dwellings in The Netherlands, United Kingdom, France and Australia.

<table>
<thead>
<tr>
<th>Year</th>
<th>The Netherlands</th>
<th>UK</th>
<th>France</th>
<th>Australia*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of sales (× 1000)</td>
<td>Number of sales (× 1000)</td>
<td>Number of sales (× 1000)</td>
<td>Number of sales (× 1000)</td>
</tr>
<tr>
<td></td>
<td>Sales as percentage of social housing stock</td>
<td>Sales as percentage of social housing stock</td>
<td>Sales as percentage of social housing stock</td>
<td>Sales as percentage of social housing stock</td>
</tr>
<tr>
<td>1980</td>
<td>3</td>
<td>n.a.</td>
<td>3</td>
<td>n.a.</td>
</tr>
<tr>
<td>1981</td>
<td>0</td>
<td>n.a.</td>
<td>79</td>
<td>1.3%</td>
</tr>
<tr>
<td>1982</td>
<td>0</td>
<td>n.a.</td>
<td>197</td>
<td>3.2%</td>
</tr>
<tr>
<td>1983</td>
<td>0</td>
<td>n.a.</td>
<td>139</td>
<td>2.4%</td>
</tr>
<tr>
<td>1984</td>
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<td>n.a.</td>
<td>101</td>
<td>1.7%</td>
</tr>
<tr>
<td>1985</td>
<td>3</td>
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<td>93</td>
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</tr>
<tr>
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<td>n.a.</td>
<td>89</td>
<td>1.6%</td>
</tr>
<tr>
<td>1987</td>
<td>2</td>
<td>n.a.</td>
<td>103</td>
<td>1.8%</td>
</tr>
<tr>
<td>1988</td>
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<td>n.a.</td>
<td>161</td>
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</tr>
<tr>
<td>1989</td>
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<td>n.a.</td>
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</tr>
<tr>
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<td>0.1%</td>
<td>126</td>
<td>2.5%</td>
</tr>
<tr>
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<td>74</td>
<td>1.5%</td>
</tr>
<tr>
<td>1992</td>
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<td>0.1%</td>
<td>64</td>
<td>1.3%</td>
</tr>
<tr>
<td>1993</td>
<td>6</td>
<td>0.3%</td>
<td>60</td>
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<td>65</td>
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<tr>
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<td>56</td>
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<tr>
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<td>67</td>
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</tr>
<tr>
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<td>71</td>
<td>1.9%</td>
</tr>
<tr>
<td>2001</td>
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<td>0.4%</td>
<td>67</td>
<td>1.8%</td>
</tr>
<tr>
<td>2002</td>
<td>12</td>
<td>0.5%</td>
<td>78</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

* National information about public housing sales in Australia has not been collected since 1996. According to Flood (2004), sales are currently running at about 6800 per year, or about 2% of the housing stock, which would mean that the number of sales has risen since 1995.

Sources: The Netherlands: Ministry of Housing, Housing in Figures (issues up till 2004); United Kingdom: www.statistics.gov.uk; France: Amzallag and Taffin (2003), Bougrain (2006) and Compte du Logement (with thanks to Frédéric Bougrain); Australia: Commonwealth of Australia, Housing Assistance Annual Reports (issues 1980–91 to 1995–96) (with thanks to Vivienne Milligan).
with residualisation of the social housing sector (see, e.g., Priemus et al., 1999). Various studies point at a generally decreasing share of social rented housing and a growing concentration of low-income households in the sector (Van der Heijden, 2002; Hoekstra, 2005).

Another argument that has been put forward for the promotion of sale is tenure diversification. It has been argued that sales can be used to introduce greater diversity in neighbourhoods. This, in turn, is argued to contribute to achieve healthy communities, because it can help to attract or keep higher-income households in the neighbourhood, and homeowners are assumed to have a stronger sense of responsibility for their living environment. Moreover, it is believed that spatial concentrations of low-income households could stimulate a culture of poverty, leading to social exclusion, continuing unemployment and reduced possibilities for people to improve their socio-economic situation. A social mix, on the other hand, would lead to an extension of social networks and the introduction of 'role models' and other positive examples for the original population (Brophy and Smith, 1997; Friedrichs and Bläsius, 2003; Uitermark, 2003; Kleinhans, 2004). This supposes that each neighbourhood has a ‘social environment’ that influences the behaviour of the people living in this neighbourhood, and, subsequently, the quality of life in this neighbourhood as well. It is assumed that the influx of higher-income households affects the norms and attitudes of the low-income households already living in the area. Such arguments, however, are not undisputed. Notably, the influence of the social environment on the behaviour of individuals is questioned. Brophy and Smith (1997) for the United States, Kleinhans et al. (2000) for The Netherlands, and Van Beckhoven and Van Kempen (2003) from several European studies state that the interaction between income groups is small. On the other hand, there are also studies that support or at least suggest this ‘neighbourhood effect’ (Jargowsky, 1996; Buck, 2001; Ludwig et al., 2001; Meegan and Mitchell, 2001; Atkinson and Kintrea, 2002; Van der Laan Bouma-Doff, 2005). Thus, studies about the neighbourhood effect have produced different and even contradictory answers about the strength and nature of this effect. Despite this variety of results, Galster (2007) concludes in a review article that the evidence supports a policy of avoiding concentrations of disadvantaged persons, provided that ‘equity [i.e. improving the well-being of the disadvantaged absolutely] is applied as the dominant criterion for policy evaluation’ (p. 539). If we take other criteria into account as well, the evidence base is not clear on the neighbourhood effect.

A third motivation for sales can be found in the landlords’ management objectives: adjustment of the housing stock in relation to tenants’ (or market) preferences. It has been suggested by Priemus et al. (1999) that sales of social rented dwellings will increase, not only due to political pressures or economic developments, but also because of tendencies among
social landlords to develop a more strategic asset management. Priemus et al. expect that social landlords will increase their market-orientation, looking, for example, at the niches in the market that are to be dealt with, which dwellings can be disposed of and acquired and which dwellings need to be transformed. Gruis and Nieboer’s (2004) explorative research indicates that, although there are some tendencies towards a more strategic asset management in the social rented sector, it is in an early stage of development, and sale is far from a prominent issue within social landlords’ decision-making processes, except perhaps in The Netherlands and Australia. In Australia, about 2% of the housing stock is sold off each year, but this is less a sign of policy freedom and more a question of financial problems. According to Flood (2004), sales have been part of the conscious disposition and diversification strategies of the Australian State Housing Authorities (SHA), but the SHAs are also under pressure to sell off their stock to compensate for cuts in their budgets by the central government. As Flood (2004, p. 35) points out ‘parts of the stock are beginning to be sold to maintain financial viability rather than according to asset management principles of maintaining a quality stock that meets tenants’ needs’. In England, the selective sale of properties has not been a key feature in the asset management strategies of housing associations [see Larkin, 2000; Thomas and Gruis, 2005].

Although the Western (European) institutional, legal, economic and cultural context for the management of privatised housing is much more favourable than in Eastern Europe, sale of social rented dwellings is not without management problems here either. Problems of maintenance can occur, there can be social conflicts between the homeowners and tenants and there can be questions about the division of responsibilities of the landlord and the individual households. As Murie (1999) points out, the literature concerned with sale of properties tends to make little reference to problems of maintenance and repair and there is little hard evidence to say what impact privatisation has on housing stock condition. A study by Kerr (1988) indicates some problems regarding the maintenance of mixed-tenure RTB estates. Kerr concludes that most problems occur in apartment blocks (council housing). The social landlords have difficulties in persuading the homeowners to co-operate in cases of refurbishment and maintenance of common facilities. Furthermore, landlords state that some homeowners still keep a ‘tenant mentality’ and approach the landlord with complaints, repair requests, etc. Another disadvantage of the RTB, according to the landlords, was that the dwellings that were not sold were of a specific quality which did not match the profile of many new tenants. Many of the homeowners, in turn, complained about their (tenant) neighbours and the condition of the property [Nazir, 2006, based on Kerr, 1988]. Kemp (1995), among others,
has pointed out that an important determinant of management performance in social housing is the socio-economic position of the tenants. This could provide a particular problem of management within the less popular estates with concentrations of low-income households. Jones and Murie (2006, p. 169) indicate ‘there is some limited evidence that a minority of owners are unable in the long term to maintain their properties and that these properties are becoming significantly dilapidated’.

Outside the UK, there is even less literature on the problems of maintenance and management resulting from sale of social rented dwellings in a ‘western context’. Our impression from The Netherlands is that similar concerns can be raised as in the UK, although perhaps with less impact, due to the relatively small number of dwellings sold and the awareness of social landlords that they have to retain responsibility for major repairs and refurbishments in the long run. Because of this awareness, they are selective in determining the estates to be sold. Furthermore, they organise the longer term maintenance in advance by establishing and facilitating homeowners’ associations that are responsible for the major repairs policy. Many Dutch housing associations choose not to sell more than 49% of the value of the dwellings in an estate, so that they retain the majority within the homeowners’ association. Also, more and more housing associations choose to sell their dwelling under the condition that the housing association retains the right to buy back the dwelling when the household moves out. Furthermore, the housing association can retain the responsibility for major repairs of the exterior of the estates [see Gruis et al., 2005].

**Approach of the book**

Using a common analytical framework for the analysis of national policies and specific case studies, this book explores the challenges for housing management in privatised housing estates with mixed ownership in eleven different countries (nine European countries, Australia and China). In this exploration we rely on conceptual expositions, narratives and case studies to illustrate the emerging challenges with sensitivity to their cultural, social and organisational legacy. The choice of the countries included in our studies is mainly motivated by the desire to obtain a general overview of the various privatisation policies, contexts and related management issues. The selection also aims to achieve a balance between Eastern and Western regimes. The availability of authors was, of course, another factor. Furthermore, an additional criterion for Western regimes was that sale of rental dwellings has been a significant phenomenon, at least in comparison to other Western regimes. Taken together, the countries discussed in this book encompass
four of the five types of experience of privatisation mentioned by Jones and Murie (2006):

- The first type, involves active policies, backed by financial incentives, to reduce the size of the public housing sector as part of a wider housing policy to support homeownership (UK and Australia);
- The second type relates to the disposal of state housing in Eastern and Central Europe as part of changing economic and political regimes in the 1990s (Serbia, The Czech Republic, Slovenia, Russia, Moldova);
- The third type of privatisation refers to policies adapted in South and East Asia where the promotion of homeownership has been an integral part of economic strategies and a distinctive welfare state (China);
- The fourth approach is the more cautious approach adopted by most of the Northern and Western European countries with large public or not-for-profit sectors that have avoided the rush for sales associated with the UK, but have, to different extents, adopted selective sales schemes (France, The Netherlands).

The fifth type mentioned by Jones and Murie, involving privatisation of a small state housing sector as part of an explicit welfare approach to housing (such as in the USA), is not included in our study. We have included, however, the case of Switzerland. Strictly speaking, sales of rental dwellings in this country do not fall under privatisation in the sense that (semi) public rental dwellings are sold to individual tenants. Nevertheless, as the case studies will highlight, the sales by large institutional investors to smaller private landlords and co-operatives do encompass a shift in property rights to the benefit of the individual tenants.

The country monographs are presented in two groups: countries with traditionally ‘western’ regimes and countries with (former) communist regimes. Within these groups, the country monographs are presented in alphabetical order. To ensure a comparable result, all chapters have been written on the basis of the same format and research questions. Basically, each chapter consists of four sections. The first section describes the national housing context, dealing with issues such as the composition of the housing stock, housing system, government regulations and financial support. The second section reflects on the privatisation policies in the past decades, supported by statistics of the pace of privatisation and the regulations under which dwellings were sold. The third section discusses one or more case studies of partly privatised estates and its problems of management, maintenance and renewal. Finally, conclusions are drawn concerning the main challenges for housing management in each respective country.

To facilitate comparative analyses between the countries we have set up an analytical framework to describe policy and identify problems relating to the management of privatised housing. Our analytical framework is