

In Serbia and Montenegro, like in most other countries in transition, social housing activities are almost non-existent. The privatization of the public housing stock left very few units at the disposal of public sector to accommodate the needs of both the very poor and vulnerable social groups. The difference, compared to other countries in transition, is that the owner-occupancy of housing units was high already during the socialist period. The special feature in Serbia and Montenegro which greatly affects the social housing needs and priorities at present, and will do so in the near future is the high number of refugees and internally displaced people (IDPs) who came from former Yugoslav republics and from Kosovo and Metohija.

### *Republic of Serbia*

#### **A. Social housing needs**

The social housing needs in Serbia relate to the housing situation of poor and vulnerable families and individuals living in unsafe, unhealthy and insecure housing conditions who do not by themselves have access to adequate housing. These people include local poor people affected by the economic depression, unemployment and other factors, and the influx of refugees and internally displaced people, mainly from Croatia, Bosnia-Herzegovina and Kosovo, as well as many young couples and families who do not have access to affordable housing.

25-30 per cent of the population of Serbia lives a precarious and vulnerable existence<sup>83</sup>. This does not include refugees, IDPs, Roma and those living in collective centres. The social assistance is limited and favouring small families. It mainly covers those with poor educational background, the unemployed and people with disabilities<sup>84</sup>. Housing expenses were never sufficiently taken into account in the design of social assistance.

In 2004 there are 377,131 refugees, 74,849 war affected people and 208,391 IDPs from Kosovo and Metohija in Serbia<sup>85</sup>. In November 2004 about 7,000 refugees and IDPs still lived in collective centres<sup>86</sup>. They were mostly elderly, single-parent families, families with handicapped family members and very poor families and individuals who were not able to find any other accommodation. Other substandard housing conditions in which refugees and IDPs live are slums and places, such as corridors, garrets, garages, single rooms without amenities and even caves.

There are great differences among municipalities in connection to the number of refugees and IDPs. For instance, in Kraljevo, which has the highest concentration of IDPs, the share of IDPs and refugees (21,000 persons) forms 17 per cent of the total population. As a consequence, Kraljevo has large collective centres. Stara Pazova also has a high number of refugees, about 15 per cent of the population. Half of them live in rented apartments, a quarter own their accommodation and almost the same amount stay with relatives or friends, only five per cent live in collective centres<sup>87</sup>. This difference is explained by the fact that the refugees have had longer time to find proper accommodation, but the situation of the IDPs is totally different due to the unresolved situation in Kosovo.

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<sup>83</sup> UN, 2003.

<sup>84</sup> Republic of Serbia, 2003.

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<sup>85</sup> The Commissariat for the Refugees of the Republic of Serbia. According to the last census held in cooperation with UNHCR in 2001, there are 377,131 refugees and 74,849 so called war affected people. Further registration of refugees was carried out in 2004 but there isn't reliable and official information of the current total number of refugees. About 110,000 refugees have become the citizens of the Republic of Serbia until today. In March 2000 the Commissariat for the Refugees organized in cooperation with UNHCR census for IDP's from Kosovo and Metohija, at that time there were 187,129 registered IDPs, but during the period 2000-2005 there are about 20,000 new IDP's, which gives 208,391 IDPs now.

<sup>86</sup> UNHCR, 2004.

<sup>87</sup> UN-HABITAT, 2003.

Roma enclaves are mostly illegal, have insufficient infrastructure and polluted environments. 80 per cent of those declared as Roma in the population census live in very poorly built houses, made mainly from adobe, cardboard, metal and plastic sheets<sup>88</sup>. Besides these, their settlements area is very overcrowded as the Roma families are usually large, but the size of housing units is typically very small. The population census 2002 shows that there are about 108,000 Roma living in Serbia. It is, however, very difficult to estimate realistically their number, and a more likely estimate is around 150-160,000.

In large and expanding cities there are vast illegal and uninhabitable settlements where the poorest segment of society lives. For instance, in the territory of the City of Belgrade there are estimated to be 29 slums and 64 settlements, which do not meet minimum hygienic standards, with approximately 25,000 people living in these locations<sup>89</sup>.

Overcrowding is one vital component of housing problem in Serbia. Over 15 per cent of housing stock is overcrowded i.e. there is less than 10 sq m space per person<sup>90</sup>. It has been estimated that 120,000 households are doubled-up i.e. two households live in same housing units, and in 11,000 dwellings there are three households<sup>91</sup>. Often many young couples are in this situation and live with parents or other relatives.

The vulnerable groups often need financial support for the management of existing housing, such as the maintenance, service costs and utility bills. Assistance for the large refurbishment of apartments and residential buildings is also needed. For the legalization of illegal structures, exemptions from payment for construction permits or legalization fees are needed by the poorest and most vulnerable households. This kind of measure has already been introduced in Belgrade and Novi Sad. When legalisation and the upgrading of an existing unit is not possible, or more often, when a vulnerable household does not own or have secure and affordable rental agreement, the support for relocation through social rental housing is then only option. Based on the inventory of poor settlements in Belgrade,

a number of them are at risk, since the city has planned to use the land for the construction of roads, commercial centres or other purposes. These locations can also be dangerous and otherwise unsafe.

## **B. State, municipal and international programmes and activities related to public/social housing**

Based on the *Housing Act 1992*, the central government and local authorities maintained the right of provision of public housing for their employees and other target groups. The State also enabled tenants to purchase State-owned flats. The criteria for use of financial resources collected from the sale of State and municipally-owned apartments relates to five target groups: 1) soldiers, invalids and "family members of the killed person in war after 17th August 1990, who are not employed", 2) protected tenants in the private property flats due for restitution, 3) persons in unhealthy and damaged flats, 4) social support beneficiaries, 5) young scientists and artists, as well as experts in undeveloped regions<sup>92</sup>. At the moment the number of these municipal rental units is small.

The Solidarity Housing Fund as an instrument for public/social housing provision resulted in approximately 1 flat per 10,000 inhabitants. Information from municipalities shows the following<sup>93</sup>:

- There were great differences in using the financial resources, buying flats on the market and granting loans for enterprises which contributed.
- The number of flats granted from the Solidarity Housing Funds was very small e.g. 36 flats were built in Cacak in 2000 and in 2002 35 flats were built in Pancevo and 39 flats in Kragujevac
- There is no data on whom the flats were granted to (no details, such as socio-economic, demographic, ownership or other characteristics of households), since the Fund had links only to companies and organizations which participated in the financing.

<sup>88</sup> UNDP, 2004.

<sup>89</sup> Urban Planning Institute of Belgrade, 2003.

<sup>90</sup> UN-HABITAT, 2003.

<sup>91</sup> Milic, 2004.

<sup>92</sup> Petovar, 2004.

<sup>93</sup> Petovar, 2004.

- Only employed persons could apply for flats, which meant that a large proportion of the economically most vulnerable unemployed population was excluded.

Previous state/public housing programmes have in general aimed at providing housing for workers of factories and other companies, as well as for civil servants. Also the main target group with the Solidarity Housing Fund was the workers and other employed, with only a small fraction of allocation for disabled and other vulnerable households. On the basis of existing data it is not possible to ascertain the amount of funds which has been spent on social housing in Serbia in the last 14 years. Reasons for this are the lack of a defined concept of social housing, specific budget allocations for this purpose and institutional responsibility<sup>94</sup>.

### **1. National Strategy for Resolving the Problems of Refugees and Internally Displaced People**

In 2002 the Government of Serbia adopted the *National Strategy for Resolving the Problems of Refugees and Internally Displaced People*. It focuses on ensuring the conditions for repatriation of refugees and IDPs and activities for providing conditions for local integration. The strategy also includes the closure of collective centres by end of 2005. For this reason resettlement and local integration activities are much needed. The strategy recommends the development of both public rental units (termed 'social housing' in the strategy) for the most vulnerable households and owner-occupied units (termed 'affordable housing') for other households. Due to the culture of domination of owner-occupancy of housing in Serbia, accessing housing property is seen as an effective tool for the integration of refugees.

The main options proposed for local integration under the housing programmes for privately owned apartments are:

- Construction of apartments in residential buildings situated in urban areas of suburbs and towns;
- Self-help construction of individual, semi-detached and other buildings ('growing' house) in villages and towns;

- Combined construction (hired labour and self-help) of apartments in residential buildings to accommodate several families and individual buildings in all residential areas;
- Purchase of old houses with gardens located in de-populated areas and smaller towns and assistance for construction materials;
- Assistance in construction of houses that the owners began to build but interrupted due to lack of funds;
- Acquisition of housing space (gardens and agricultural land) through contracts on life sustenance.

The main options proposed for local integration under the accommodation in institutions of medical and social welfare are:

- Construction of lower category, social (State) apartments in less urbanized areas of suburbs and towns;
- Reconstruction of collective centres or other vacant public buildings into temporary or permanent homes for the elderly;
- Extension of the existing social welfare institutions for the most vulnerable and the handicapped;
- Extension of the existing health care institutions for the medically most vulnerable individuals or the handicapped.

The strategy also recommends establishment of the Fund for Social and Affordable Housing. Some collective centres have already been refurbished into homes for elderly, e.g. in Kucevo and Uzice, or for other special use.

The question of social cohesion is critical in many aspects. The strategy proposes purchase of old houses in depopulated areas and provision of building materials. The intention behind this is to have cheaper options and also give a chance to small-scale farming and livelihood. Another reason is to release the population pressure in highly urbanised areas and to give input for local

<sup>94</sup> Petovar, 2004.

development in depressed rural and less urban areas. This approach is also dangerous if the most vulnerable sectors of the population are concentrated in impoverished rural areas which lack both basic facilities and other income/generation activities besides subsistence farming<sup>95</sup>. This is an important consideration, as the sustainability of this approach is also questionable because people will most probably move to the urban centres.

## 2. Recent activities in social housing

At the moment in Serbia there is neither a policy of social housing to support the vulnerable social groups, nor an approach to use social housing as an instrument for development. A critical question in social housing policy is how to define social housing. Under the *Draft Law on Social Housing* (see also chapter IV p. 44-45), social housing is defined as housing with adequate standards provided by the assistance of the State for the households that are not in a position to provide a dwelling under market conditions due to social, economic or other reasons. The tenure options proposed for social housing are owner-occupancy and rental accommodation. The draft also defines establishment and duties of the National Housing Fund and identifies sources for its financial base. The proposed sources are, for example the state budget allocations, donations, loans from domestic and foreign sources, revenues from the Fund investments, repayments from loans issued by the Fund and the revenues from sales of State-owned dwellings.

It is expected that the Social Housing Strategy, which defines the main components of the social housing programme, will be implemented by the Ministry of Capital Investments. It will define in more detail the targets, contents and mechanism for the provision of social housing. The Settlement and Integration of Refugees in Serbia (SIRP) project of UN-HABITAT will support this activity. Other laws and regulations will also be needed.

Recent social housing activities of the government of Serbia have roots in integration programmes for the refugees and IDPs. From 1996-2003 the Commissariat for Refugees and UNHCR, together with other partners such as Swiss Disaster Relief and Norwegian Refugee

Council, provided resettlement assistance for more than 2,400 households. Other agencies and international NGOs involved are ECHO and several NGOs, such as Technisches Hilfswerke (THW), Arbeiter-Samariter-Bund Deutschland (ASB) and HELP.

The Swiss Agency for Development and Co-operation (SDC) has assisted the construction of over 2,600 housing units in Serbia. The main components have been local settlements assistance through full construction, self-help or partial self-help. Another important part has been rehabilitation and maintenance of the collective centres. Other support for the housing sector consists of the reconstruction and extension of the home for mentally disabled children and youth and the rehabilitation home for the elderly.

The social housing programme of SDC, which started in 2002, has reached 648 beneficiaries. Through this programme new buildings for social rental housing have been built in 19 municipalities for the residents of the collective centres. Also the local vulnerable families and individuals have benefited, as 20 per cent of units have been targeted for them, e.g. families with disabled persons or elderly households. Housing units range from 22 sq m per one person up to 55 sq m for a larger family. The rent is based on the income of a household. The running costs are shared by the municipality, Ministry of the Social Welfare and UNHCR. The beneficiary selection is done by the multi-professional team including representatives from the Centre of Social Welfare, UNHCR, Commissariat for Refugees and SDC. Generally, the role of the Centre of Social Welfare is important, besides the selection process, in providing other necessary support. The host family, living in the same building and looking after the maintenance and provision of support for residents, has been important. The project was completed, and SDC closed its office in Belgrade at the end of 2004.

In 2003 the City of Belgrade initiated the programme of construction of 5,000 housing units for the population living in the most vulnerable conditions in unsafe settlements and slums. The targeted beneficiaries are Roma residing in Belgrade and the Roma refugees and IDPs registered in Belgrade. The programme includes the provision of standard, but low-cost, and small

<sup>95</sup> The Institute of Urban Economics, 2004.

housing units with basic infrastructure, which are located in low-rise buildings within the built-up areas in peripheral zones of Belgrade. Besides the housing component, the planned integrated approach includes education and employment components. The City government has allocated 11.5 million euros for this activity. So far five locations have been selected for relocation purposes<sup>96</sup>. The implementation of construction activities has not so far been started.

The question of location is critical in all relocation activities. The selection of relocation sites for Roma settlements would be based on the following criteria: State ownership of land, the vicinity of schools and public transport, safe environment and the existing residential structure<sup>97</sup>. The information, however, portrays that locations are far from the city centre and therefore less attractive for incoming settlers. Segregation of the settlement may also ensue. The programme will only help those who are officially registered as citizens or permanent residents of Belgrade so inclusion, a critical aspect of social cohesion, has been left out of the equation. As a result, conditions of illegal settlers will be ignored and illegal settlements will continue growing.

The rehabilitation programmes targeted at slums and other substandard settlements have been supported by the international organizations or the local authorities. Mostly they have focused on Roma settlements. In general, these are integrated programmes including education, employment and health aspects.

With support from the Italian Government, UN-HABITAT has launched the SIRP project. This will include construction of 670 housing units in the municipalities of Stara Pazova, Pancevo, Karagujevac, Cacak, Karljevo, Nis and Krusevac. 20 per cent of the target group will include local vulnerable families and individuals. The selection criteria for both refugees and IDPs and the local vulnerable people are the same: single-parent headed families, households with a handicapped member, multi-member families with children under the age of 18 and elderly households who do not own property in Serbia-Montenegro, or elsewhere. The priority will be given to those living in the collective centres. Tenure options will be subsidized rental housing (40 per cent) and property-transfer option (40 per

cent), the remaining 20 per cent will be decided on the basis of local surveys on needs and capacities. Units range from 32-42 sq m in multi-unit buildings. Also a temporary housing benefit system will be introduced. The loan terms are planned to be at a 2.5 per cent interest rate with a repayment period of 15 years.

Each beneficiary household will also receive support for economic integration, and assistance such as in-kind support and vocational training will be given to start up micro-businesses or self-employment. The capacity building of municipalities in social housing activities is also an important part, as well as the establishment of municipal housing agencies. The bulk of the units are assumed to be built through the municipal housing agencies or municipal housing departments, but 20 per cent is planned to be built through innovative partnerships schemes within the non-profit sector. (See also chapter III p. 27, 35, 37.)

### 3. Local governments in social housing

The Solidarity Housing Fund places emphasis on the capacity of municipalities to deal with housing activities. Currently the local governments have the main responsibility for implementing social housing in their jurisdiction and it is expected that the *Social Housing Act* will strengthen this. To perform their responsibilities, municipalities are, for instance, obliged to formulate the Municipal Housing Strategy, enabling social housing by adequate land and urban policies and by the provision of local funding. One or several municipalities are advised to establish a Municipal Housing Agency to carry out most tasks related to social housing, particularly the project management of social housing. Also non-profit organizations are defined in the Act, and they can be housing co-operatives and non-governmental organizations, expected to perform various activities in social housing, starting with construction and the maintenance of housing stock.

For instance, Kragujevac municipality has been active with three social housing projects. One project consists of the construction of 102 apartments for households currently living in poor conditions in the area in wooden barracks. The second project targets refugees and IDPs and the

<sup>96</sup> Urban Planning Institute of Belgrade, 2003.

<sup>97</sup> Institute of Urban Economics, 2004.

third is planned for SIRP implementation and will contain nine semi-detached units. Belgrade municipality initiated the construction of 1,100 apartments in the city in 2003. 1,000 of these flats are intended for sale on very affordable loan terms (own savings 20 per cent of the cost, the loan repayment period 20 years with the interest rate at 0.5% per cent) for those persons and households who do not own a dwelling.<sup>98</sup> One hundred flats are intended for households with dire social needs. The tenancy of rental flats is limited to two years, with the possibility of contract renewal.

*The Local Self-Government Law* (2002) sets as the responsibility of local governments to give social assistance for the housing maintenance costs of households living under the poverty line. At the moment only Belgrade, Nis and Subotica are in a position to do this. In Belgrade this assistance covers about 25 per cent of service fees, excluding the electricity costs. The Centre of Social Welfare in Kragujevac surveyed those vulnerable families who are not able to pay service and maintenance fees. The City Assembly will decide upon possible subsidies for this group.

However, for the implementation of social housing projects, a solid foundation of Central Government support should be established. The Government of Serbia has allocated 15 million Euros, in addition to a potential loan for 20 million Euros from the Council of Europe Development Bank. Based on preliminary estimates, this loan would allow the construction of between 1,700 and 2,300 rental dwellings for 4,800 to 6,000 persons on the basis of a local contribution of 30 per cent of the total investment costs. This contribution could be by the provision of land and infrastructure/services, finance from the central or local governments as well as financial and self-help inputs by the beneficiaries themselves.<sup>99</sup>

## *Republic of Montenegro*

### **A. Existing situation and target groups for social housing**

The economic changes and particularly the privatisation process during the last decade deepened the gap between owners of housing units and non-owners in Montenegro. During that time no real social housing activities were pursued. At the moment there is no social housing policy or programme, only activities directly related to this concerning the resettlement of refugees and IDPs implemented by international agencies and some other donors through international NGOs.

#### **1. Target groups for social housing**

As discussed in chapter I poverty affects about 9.4 per cent of the population. Moreover, according to the *Poverty Reduction Strategy* of 2003, more than one third of the population is classified as economically vulnerable, as their income is less than or close to the poverty line. In this context, Montenegro's *Housing Action Plan*<sup>100</sup> deals with tenure options for social housing and proposes either owner-occupancy with affordable, subsidized loans or social rental housing. The target groups identified for social housing are family welfare beneficiaries, pensioners, Roma, refugees and IDPs, young people and individuals with ongoing housing problems. Over 10,000 families in Montenegro are welfare beneficiaries, 2,400 of which are in Podgorica. The welfare benefit is applied to individuals without any source of income and who are incapable to work and to other persons who have no means for living. There are 92,000 pensioners, some without their own accommodation, although they had contributed to the Solidarity Housing Fund. However, this group benefits from old age, family or disabled pensions.

<sup>98</sup> However, the definition "person without a flat" is limited to non possessing property in the territory of the city of Belgrade, i.e. an applicant household can own or hire dwelling(s) somewhere else. Other criteria are also size of family, health conditions and employment period, and the main target group is civil servants.

<sup>99</sup> UNHCR, 2004.

<sup>100</sup> Background working papers for the development of the Housing Actions Plan by Ademovic and Vucinic, 2004.

At present it is estimated that there are around 20,000 Roma in Montenegro. The domestic Roma population is assessed to be around 3,200. 13,300 are refugees from former Yugoslav states and 5,000 IDPs from Kosovo. Very often they live in very poor and cramped living conditions in the illegally built locations on the outskirts of urban areas<sup>101</sup>. There were approximately 13,500 refugees and 29,400 internally displaced people from Kosovo in Montenegro in 2003<sup>102</sup>. IDPs do not have the right to legal employment, neither are they covered by the social assistance schemes. The only support they receive is in the form of sporadic humanitarian aid<sup>103</sup>. Currently in Montenegro there are only three official collective centres where accommodation and utility costs are covered by UNHCR through the Commissioner for Displaced Persons. Many of the buildings used for collective centre accommodation are still occupied by refugees and IDPs, but are considered unofficial.

The Roma IDPs live mainly in Podgorica. There are two Roma camps: Konik Camp 1 contains about 1,400 persons, while Konik Camp 2 about 350 people. Konik Camp 1 was constructed as a temporary shelter for Roma IDPs. The camp consists of 43 wooden barracks, some of which are in danger of collapsing at any time. Also there is a very high risk of fire. An average of 8.1 persons live in 16 sq m housing unit. The biggest share of humanitarian assistance is targeted at the camps. However, since the international assistance decreased, assistance has been rather symbolic. For instance, the German NGO Help constructed a building with 22 apartments and has planned another. Also some other municipalities have large Roma IDP settlements. Due to lack of municipal assistance and government commitment, UNHCR is forced to deal with these camps on ad hoc basis<sup>104</sup>.

## 2. Activities in relation to social housing

Under the *Law on Floor Property, 1998*, it is stipulated that enterprises shall provide funds for solving the housing needs of their employees. The funds for the housing of pensioners and disabled persons shall be provided by the Fund for Pension and Disability Insurance. The funds

for the housing of poor persons shall be provided by both central and local governments. The Ministry of Labour, Health and Social Welfare administers housing units for temporary use due to social needs and vulnerability. The number is small – only 65 units in Podgorica, for instance.

Local governments are responsible for providing housing for the most vulnerable people, but the obligation to use one per cent of the budget for this purpose is difficult for most of the municipalities. The city of Podgorica has done so, and has 100 apartments in its use for allocation to the most needy households, such as disabled, single mothers, refugees and the poorest families.

UNCHR and SDC have provided 230 housing units for new family settlements for refugees and IDPs in six locations, reaching 1,050 beneficiaries. Besides this, the self-help program through delivery of construction materials for new housing, or an extension of the existing unit, has targeted 145 families. Part of SDC activities has included rehabilitation and maintenance of the collective centres, as well as rehabilitation of schools, social and health institutions. Following the closure of SDC's office at the end of 2004, UNHCR plans to continue shelter activities with local NGO "HPA", which was formed by SDC's former local staff. The survey on refugees and IDPs<sup>105</sup> shows that one of the most frequently stated problems is accommodation. Approximately 54 per cent of refugees and 23 per cent of IDPs are interested in local integration, the departure to third countries is the most desirable option for 26 per cent of refugees and half of the IDPs, while the least appealing option is to return to their place of origin. The non-regulated legal status of refugees and IDPs is a key problem for the realisation of local integration.

## B. Future policies and activities related to social housing

The government has proposed a municipal housing programme consisting of 1,000 units, of which the municipality of Podgorica would have the main portion. The negotiation concerning the loan for this purpose from the Council of Europe Bank (CEB) is on-going. Also the possibility to combine to this

<sup>101</sup> Government of the Republic of Montenegro, 2003.

<sup>102</sup> UN, 2003.

<sup>103</sup> UNHCR, 15 November, 2004.

<sup>104</sup> UNCHR, 2004.

<sup>105</sup> ISSP, 2004.

activity with the informal settlement upgrading and legalization of the area in Zagorice-Zlatica is under consideration. The feasibility study for the upgrading proposal was done in 2002 by German NGO, HELP.

### 1. National Strategy for Resolving the Issues of Refugees and IDP's

The National Strategy for Resolving the Issues of Refugees and IDPs in Montenegro (2004) reflects the political will to find an acceptable solution for problems with respect to economic possibilities of the country and its population, as well as the desires of displaced people.

Three options are introduced:

- Initiation of the repatriation process by providing the conditions for return, such as safety and legal protection and enforcement of property and other rights;
- Creating conditions for local integration: accommodation, employment, adequate health care and education, legal, property and other rights, and inclusion in social life;
- Living in third countries. Although UNHCR terminated this programme in 2004, the option was included in the strategy.

The strategy defines three solutions for the provision of housing facilities for 6,700 households:

- Building of owner-occupied units under favourable conditions (target 5,100 households);
- Use and occupancy of houses and land without charges and/or purchase of people's properties (target 400 households);
- Social housing in less urbanised areas for the most vulnerable, adaptation of collective centres/ publicly owned buildings for elderly homes and accommodation in social and medical care institutions (target 1200 households/users).

Basic principles stipulate that each program must involve part of the local population, the concentration of displaced persons in one place will be avoided as much as possible and the government provides the land and a primary infrastructure. The strategy emphasises that local integration does not mean naturalisation (obtaining citizenship). Besides acceptance, local integration requires significant financial resources. The implementation is heavily dependent on international assistance, credits and the target groups' own resources. It is very likely that this will lead to slow implementation.

*The New Employment Law* (2002) defines an unemployed person as a person who is registered with the Employment Fund and is seeking employment or a person who is either a foreign citizen or without citizenship, but has permission to stay permanently and work in Montenegro. Therefore IDPs cannot be treated as unemployed because they do not have permanent residency. As a result they do not have access to unemployment benefit. Although they can be employed, it is more expensive to hire non-residents, due to government regulation since 2003. Which stipulates the tax for employers hiring non-residents as 2.5 euros per day. Hence many refugees and IDPs lost their jobs, and those in work are working illegally in poorly-paid jobs. This means that there are grave on the extent to what the refugees and IDPs can improve their own living conditions.

According to UNHCR (2004), the highest priority in resettlement and social housing should be given to dismantling the current camps, such as Konik 1 and 2, and relocation of residents to other locations within smaller self-reliant settlements, if the IDPs are not able and willing to return to Kosovo.

### 2. The Housing Policy Action Plan

The issue paper for the *Housing Policy Action Plan*<sup>106</sup> recommends the formulation of a social housing programme on the basis of rental agreement. The social housing buildings could be owned by the state, municipalities or non-profit and other organisations. Furthermore, it proposes that the rent of the housing units for pensioners and the disabled should be determined on the basis of floor area, standards of apartment and

<sup>106</sup> Stanovik and Gerovic, 2004.



building. The apartments for family welfare beneficiaries are suggested to be free of rent. Besides these it is suggested that the State by itself constructs or, through tax exemptions and subsidies, encourages investors to build apartments for the low-income households. Rents of these units are assumed to cover the cost of investments and maintenance, but to be profit-free.

## Concluding comments

### *Republic of Serbia*

In the latest national and municipal housing programmes the targeted beneficiaries have mostly been workers and civil servants. The housing resettlement activities for refugees and IDPs have been funded by UNCHR and international donors. To a small extent the Roma population has also benefited from housing assistance. Still there seems to be a view that the government should support employed people to access owner-occupied housing. The priority of government assistance should, however, be to support the most vulnerable population groups living in poor housing conditions and young, low-income couples and families without access to affordable housing. The new social rental stock should be aimed at these groups.

Slums and substandard settlements represent the worst housing problems in Serbia. The three groups residing in these places are refugees, IDPs and Roma. The implementation of the National Strategy for Resolving the Problems of Refugees and Internally Displaced Persons has been slow due to inadequate funding<sup>25</sup>. At the moment the government is proceeding with closure of the collective centres, which may leave some former occupants even more vulnerable for an interim period if adequate alternative housing solutions are not provided. International and local assistance has focused exclusively on the occupants in collective centres, while other refugees and IDPs living in private, temporary and often inadequate accommodation have been excluded.

Besides the above mentioned groups of people living in slums and substandard settlements, there is another type of housing

shortage i.e. the hidden homelessness. Many young couples with or without children, who do not own their own apartment, are paying more than half of their monthly income for the rent of a modest apartment. This is particularly a problem in the larger cities such as Belgrade, Nis, and Novi Sad.

The existing situation shows that financial assistance for maintenance and utility costs for vulnerable households is needed. Financial support might be necessary for the upgrading of illegal structures as well as exemptions from fees for their legalization in the case of poor and vulnerable households. When legalization and upgrading is not possible, relocation in social rental housing could be the only option.

The Government's housing policy paper should define the priorities of the central government in housing, and specifically in social housing, and the main mechanisms to address these goals. The social housing strategy should contain a detailed approach for implementing social housing projects and activities. The issues to be considered are, for example, sources and mechanism of housing finance, cost-recovery mechanism, transparent subsidy and assistance schemes, guarantees, minimum housing standards, tenure options, ownership rights, clear eligibility/beneficiary criteria and selection procedure of beneficiaries.

*The Local Self-Government Law* increased administrative, financial and policy-making powers of local governments together with additional budget transfers<sup>26</sup>. However, land and property ownership questions between the central and local governments have to be resolved to empower local governments to implement local social housing policies. Generally municipalities have several means to execute social housing, such as land policies (planning, regulation and allocation), legalisation, use of building standards and permits, provision and costing of infrastructure, municipal taxation, use of existing building stock and mobilization of their own housing finance. In general, the greatest social housing needs are in the large cities, such as Belgrade, Novi Sad, Nis, and Kragujevac. These cities are in dire need of social housing programs.

<sup>25</sup> UN, 2003.

<sup>26</sup> SIRP, 2003.

### *Republic of Montenegro*

*The Housing Action Plan* contains the redefinition of central and local government support in housing for the socially vulnerable groups, as well as identification of low-income and vulnerable groups requiring special care. Furthermore, it refers to the design of the social housing mechanism for these groups. This is

highly recommended, and the main target group for social rental housing should be the most vulnerable individuals and families. In addition, strengthening capacities of municipalities to plan and implement social housing programmes is important, especially in the growing cities of Podgorica, Niksic, Bar and Herceg Novi. The introduction and development of local solutions and tools for the implementation of social housing activities is very significant.