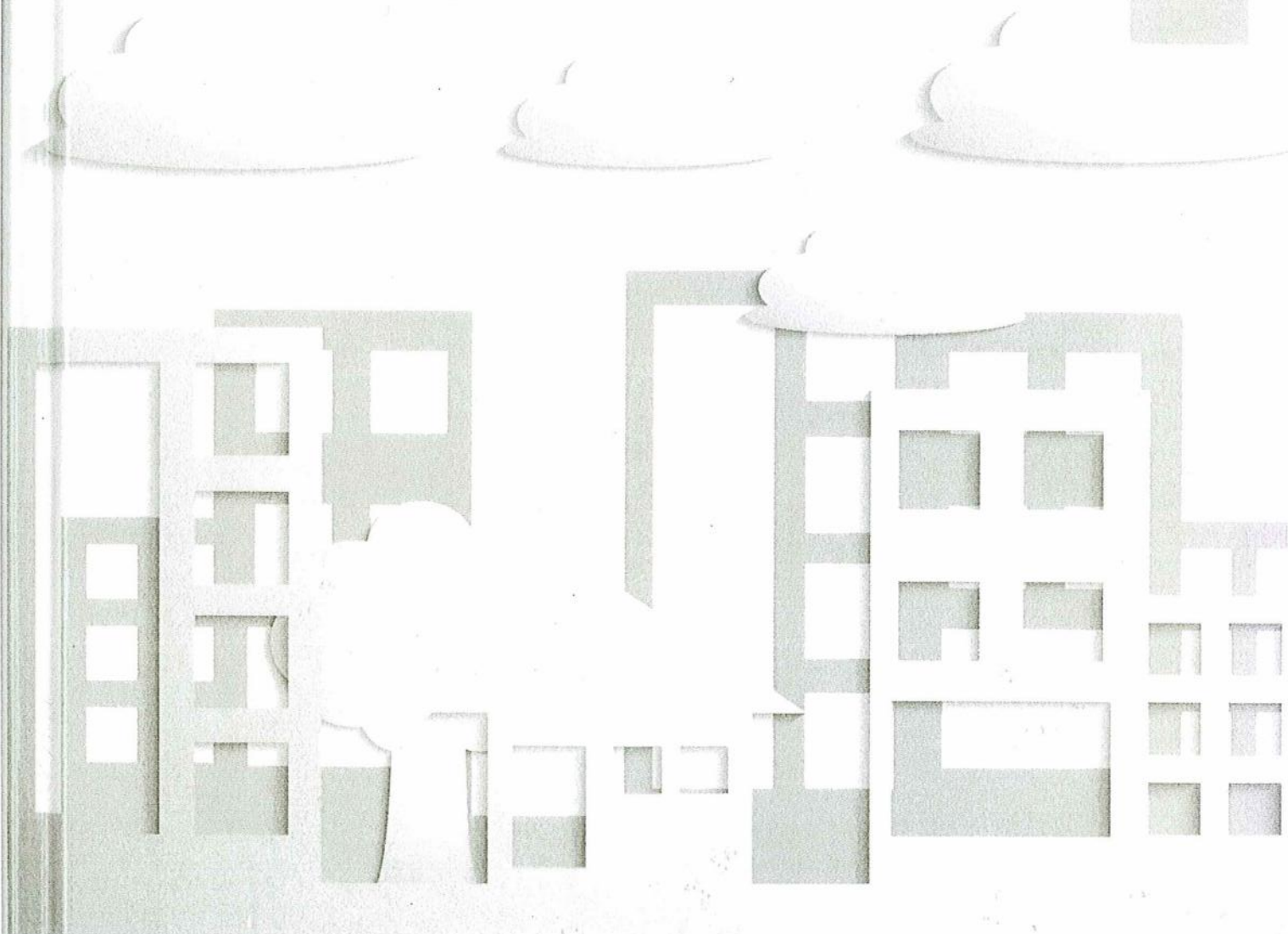


Studies in housing law

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CONTEMPORARY URBAN
HOUSING LAW

JULIAN SIDOLI, MICHEL VOLS AND MARVIN NOAH FRANK
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3 TRANSFORMATION OF HOUSING POLICY IN A POST-SOCIALIST CITY: THE EXAMPLE OF BELGRADE

*Slavka Zeković, Tamara Maričić and Marija Cvetinović**

3.1 INTRODUCTION

At the end of the 1980s, the international and developmental institutions (e.g. the World Bank, EBRD, EuropeAid) imposed a transition programme in South Eastern European (SEE) countries based on the imperatives of neo-liberalism: liberalisation, privatisation, commercialisation and minimisation of the role of state in the housing legislation. After the fall of the Berlin Wall, European socialist countries introduced market reforms in accordance with the so-called shock therapy. This was followed by a transitory drop in almost all macroeconomic indicators (GDP, employment, standard of living, etc.).

The transitional gap has been widely explained by international financial institutions and other advocates as a consequence of the mistakes in the macroeconomic policies introduced, non-readiness for market reforms, lack of some necessary reforming steps, limitations of the political system, etc. During the second half of the 1990s, the shock therapy model was abandoned in favour of the so-called gradualist approach. This new model advocated gradual reforms, the importance of institutional and legal frameworks and the minimisation of the social costs of reforms.¹

The objective of this paper is a preliminary analysis of the housing laws and policies related to historical, and especially transitional, transformations (privatisation of state-owned flats, massive illegal housing, owner-built housing, market-based housing and a new social housing policy) in Serbia and the Belgrade metropolitan area (BMA), having in mind the context of post-socialist Serbia (political and social change, economic growth).

* This paper is the result of research carried out within the scientific project "Transition towards Urban Resilience and Sustainability" (TURAS), funded by the Seventh Framework Programme (Grant agreement no: 282834) of the EC and the project Support to Process of Urban Development in Serbia (SPUDS), funded by the SCOPES programme of the Swiss National Science Foundation.

1 J.E. Stiglitz, *Where Are Going Reforms?* Conference of IBRD, Washington, 1999; J. Nellis, 'Time to rethinking privatization in transition economies', *Finance and Development*, Vol. 36, No 2, 1999.

3.1.1 *A Literature Review*

Housing laws and policy are in the competence of the state, although they were affected by different decisions taken at the EU level. Although the EU does not formulate actual housing policy, it promotes a housing strategy for the member states based on increasing home ownership rates.² In the EU, governments have had long-standing active housing policies (adequate, flexible and affordable housing available to all), which cost 1%-4% of GDP.³ McCrone & Stephens emphasise that accessibility, affordability and quality have been at the core of European housing policies.⁴ Maclennan has argued that housing policy instruments (state control of housing quality and rent controls) may have ensured affordability objectives; however, reducing investment has led to lower housing quality and poor accessibility.⁵

The social, political, legal and economic contexts in the state and cities shape the housing policy, markets and practice. The housing legislation and policy in the post-socialist society should be protected from the possible prolongation of the global economic and financial crisis (including the real-estate bubble) in a responsible way. That is very important for the appreciation of the theoretical background, key housing regulations, policies, instruments and experiences of the developed countries, as well as for specific research.

There is a substantial amount of international literature on the transformation of urban planning and housing in transitional countries, which indicates the rising role of subur-

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- 2 J. Doling, 'A European housing policy?', *International Journal of Housing Policy*, Vol. 6, No. 3, 2006, pp. 335-349.
 - 3 D. Maclennan & P. Williams, *Affordable Housing in Britain and America*, Joseph Rowntree Foundation, York, 1990.
 - 4 G. McCrone & M. Stephens, *Housing Policy in Britain & Europe*, UCL Press, London, 1995.
 - 5 D. Maclennan, 'The Future of private rental housing: surviving niches or flexible markets?', *Journal of Housing and the Built Environment*, Vol.13, No.3, 1998, pp. 387-407.

banisation or urban sprawl.⁶ After 1989, cities broadly entered the market as a result of housing preferences, consumption and the emerging market of urban development land.⁷

The discourse on urban planning in post-socialist cities has centred on the conflicts between comprehensive versus incremental planning, centralised versus decentralised decision-making, top-down versus bottom-up approaches, and interventionist versus entrepreneurial, market-driven planning.⁸ One of the urban planning modes is to view the post-socialist practice as a “transformation” from socialist to urban planning in market economies,⁹ or liberal market-based urban planning, which relies on the so-called investor-urbanism.¹⁰ Post-socialist transition includes the reform of traditional planning institutions, which means combining new tools with the adaptations of traditional organisational modes driven by socio-economic and political change, particularly in South East Europe.¹¹ The global economic and financial crisis in SEE has had a stronger impact than elsewhere, resulting in a low regional development status, low economic growth, high unemployment, informal economy, massive informal buildings, inappropriate institutional framework for the new development mode, poor technical infrastructure, huge public debt, poverty, refugees, and a prolonged regulatory gap in economy, investment, housing, urban development and urban land economics.¹²

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- 6 See e.g. L. Sykora, ‘Changes in the internal spatial structure of post-communist Prague’, *Housing Studies*, Vol. 14, No. 5, 1999, pp. 679-701; I. Tosics *et al.*, ‘Housing in southeastern Europe: between state and market’, *South-East Europe Review*, Vol. 4, 2001, pp. 123-150; N. Pichler-Milanovic, ‘Urban housing markets in Central And Eastern Europe: convergence, divergence or policy ‘collapse’’, *European Journal of Housing Policy*, Vol. 1, No. 2, 2001, pp. 145-187; L. Deda, ‘The new housing market in Tirana’, in S. Lowe & S. Tsenkova (Eds.), *Housing Change in East and Central Europe: Integration or Fragmentation?*, Ashgate, Aldershot, 2003, pp. 171-180; Z. Dovenyi & Z. Kovacs, ‘Budapest – The Post-socialist Metropolitan Periphery between ‘Catching up’ and Individual Development Path’, *European Spatial Research and Policy*, Vol. 13, No. 2, 2006, pp. 23-41; D.J. Mojovic, ‘Managing privatised housing in Serbia’, ENHR International Conference: *Housing in an Expanding Europe: Theory, Policy Implementation, and Participation*, Ljubljana, 2006, available at: <http://enhr2006-ljubljana.uirs.si/c_papers.asp>; N. Nozdrina & Y. Toda, ‘The apartment and cottages in urban and suburban Moscow: 2004-2005’, ENHR International Conference: *Housing in an Expanding Europe: Theory, Policy Implementation, and Participation*, Ljubljana, 2006, available at: <http://enhr2006-ljubljana.uirs.si/c_papers.asp>; S. Hirt, ‘Suburbanizing Sofia: characteristics of post-socialist peri-urban change’, *Urban Geography*, Vol. 28, No. 8, 2007, pp. 755-780; S. Tsenkova, ‘Urban planning and informal cities in Southeast Europe’, *Journal of Architecture and Planning Research*, Vol. 9, No. 4, 2012, pp. 292-305.
- 7 A. Bertaud & B. Renaud, ‘Socialist cities without land markets’, *Journal of Urban Economics*, Vol. 41, No. 1, 1997, pp. 137-151.
- 8 U. Altrock *et al.* (Eds.), *Spatial Planning and Urban Development in the New EU Member States: From Adjustment to Reinvention*, Ashgate, Aldershot, 2006.
- 9 M. Thomas, ‘Thinking about planning in the transitional countries of Central and Eastern Europe’, *International Planning Studies*, Vol. 3, No. 3, 1998, pp. 321-331.
- 10 M. Vujošević *et al.*, *Post-socijalistička tranzicija u Srbiji i njen teritorijalni kapital: stanje, neki budući izgledi i predvidljivi scenariji (English: Post-socialist transition in Serbia and its territorial capital: The current state, some future prospects and predictable scenarios)*, IAUS, Beograd, 2010.
- 11 Tsenkova *supra* note 6.
- 12 S. Zeković & M. Vujošević, ‘Some global challenges for socio-economic growth in the South-East Europe: the role of industrial policy’, 2nd Conference of LSEE’s Research Network on Social Cohesion in South East

Some critics of neo-liberalism exaggerate the nightmare of its property logic and overlook the counter-tendencies. According to Harvey,¹³ the main characteristics of post-socialist urban transformation are: the privatisation of the state and social fund, creation of a new urban face and identity, a real-estate bubble, deindustrialisation, intensive change of urban core, suburban industrialisation, and the rise of socio-spatial inequalities as the consequence of post-Fordism.

Land consumption for housing, economic growth, employment, population growth and transportation create serious pressures in urban areas.¹⁴ Different policies and instruments attempt to prevent excessive land consumption and the negative impact of urban land-use changes, including different types of spatial governance: strong, soft, weak or multilevel, multisectoral and multifunctional “integrated governance for peri-urban territorial cohesion”.¹⁵

3.1.2 Methodological Approach

In researching Serbia’s housing regulation, we applied the analysis of the *conceptual framework of legal doctrine* by comparing three different historical contexts. In search of new solutions, we used the explanatory approach (explaining the laws/regulations by divergent historical and theoretical backgrounds), the hermeneutical approach (heuristic description, interpretation and argumentation of legal solutions) and the explorative approach.

In analysing the dynamics and types of housing policy transformation in Belgrade during the post-socialist period, we applied a qualitative analysis (i.e. *a contextually appropriate method*), which includes the integrated empirical analysis of the historical context and post-socialist development of the housing laws, national housing policies and Belgrade metropolitan housing policy. This approach focuses on the syncretic forms of the research (housing laws, housing policies and their instruments), and combines some components of urban development theories, property theories, the current discourse analysis, comparative law analysis as well as a brief analysis of the housing issues on the available data or indicators in the BMA.¹⁶

Europe: “Post-crisis recovery in Southeast Europe and beyond: policy challenges for social and economic inclusion”, 27 & 28 March 2014, LSEE, London.

13 D. Harvey, *A Brief History of Neoliberalism*, Oxford University Press, New York, 2005.

14 H. Nuissl *et al.*, ‘Environmental impact assessment of urban land-use transitions – A context-sensitive approach’, *Land use policy*, Vol. 26, No. 2, 2009, pp. 414-424.

15 J. Ravetz & W. Loibl, ‘The dynamics of the peri-urban: global change and regional response’, in A. Piore *et al.* (Eds.), *Peri-urbanization in Europe. Towards European Policies to Sustain Urban-Rural Futures*, Syntesis Report, PLUREL, Copenhagen, 2011.

16 S. Zeković *et al.*, ‘Spatial regularization, planning instruments and urban land market in a post-socialist society: the case of Belgrade’, *Habitat International*, Vol. 48, 2015, pp. 65-78.

The contextually appropriate method links specific and different approaches, based on various analyses and other distinctions. The applied approaches are complementary to doctrinal legal research in order to allow the examination of the legal issues of urban housing in the post-socialist era. Doctrinal legal research ranges from simple descriptions of laws, with some interpretative comments, to some innovative solutions. In accordance with the major transformations of the political, socio-economic, legal and institutional frameworks in the post-socialist Serbia, we analysed the changes in housing legislation and housing policies, and their 'echo' in the urban development of the BMA. The empirical approach to research in Serbia and the BMA (identifying the laws/regulations and determining the best legal tools in housing policy) can transform the understanding of the role of housing laws, housing policy and their instruments.

The paper focuses on: (1) the contextual transitional framework of post-socialist Serbia as a base for the main structural transformations, especially in the housing of the BMA, and (2) the historical framework of legal doctrine and post-socialist development of housing laws and policies, with highlights on the housing transformations in the urban development of the BMA.

3.2 CONTEXTUAL FRAMEWORK OF POST-SOCIALIST SERBIA AND ITS IMPACTS ON HOUSING IN THE BMA

Market forces mostly dominate the Serbian transitional economy, but the so-called real estate sector remains large, and many institutional reforms are still required. Serbia lags behind the trends experienced in other Central, Eastern and SEE countries as they started transitioning from state socialism in the early 1990s. After the wars that led to the disintegration of the Socialist Federal Republic of Yugoslavia (SFRY), Serbia became part of the new 'inner peripheries' of Europe – regions characterised by rising disparities between metropolitan and rural areas, and extreme social and regional fragmentation.¹⁷

Since the 1990s, all social, economic and environmental indicators have worsened, with crucial consequences for urban and regional development. Since a radical restructuring of the economy and society has not occurred, the general trend has been described as 'growth without development'. During the 1990s Serbia faced a deep economic crisis and its GDP dropped more than 50% because of (1) the break-up of the single market of former SFRY, (2) the sanctions introduced by the international community and (3) direct damages during NATO bombing in 1999 that left the economy only at half the level it was in 1990.

17 D. Goler, 'South-east Europe as European periphery? Empirical and theoretical aspects', *Serbia and modern processes in Europe and the world*, University of Belgrade Faculty of Geography, Belgrade, 2005, pp. 137-142.

The industrial production in Serbia is 70% less than at the end of the 1980s.¹⁸ After the fall of Milosevic's regime in 2000 and up to 2007, Serbia experienced dynamic nominal economic growth of more than 6% annually. The country has made some progress towards EU membership, by signing a *Stabilisation and Association Agreement* with Brussels in May 2008, gaining candidate status in March 2012, and starting with EU negotiations in January 2014. According to national statistical sources,¹⁹ high unemployment of 21% in 2013 and low household income level are among the major socio-economic problems. Serbian total public debt as a share of GDP doubled in the period 2008-2013 and reached 70.9% of GDP. The average salary in Serbia in 2014 was 378 EUR, while the average pension was 203 EUR; the poor constituted 8.9% of the total population, and an additional 25.6% were at risk of poverty.

Mass and almost free privatisation of socially owned dwellings in Serbia has been completed, including the privatisation of the majority of enterprises (except national and local public enterprises) and privatisation and restitution of the largest part of previously state-owned agricultural land and state-owned dwellings, totalling ~€4.3 billion, where €4.15 billion is the revenue from socially owned companies in Serbia. The process of privatisation is partially successful (26% of privatisation contracts were actually nullified).

The transition from a socialist, political and economic system to a market-based regime requires different approaches to the transformation of housing laws and policy and urban land policy. Compared with other reforms, the privatisation of land and state-owned or socially owned dwellings has arguably been the most radical and transformative aspect of the transition.²⁰ Privatisation and restitution of property rights had occurred in most countries in post-socialist Europe by the mid-1990s. However, in Serbia there are 7.2 million m² of residential space and 8.3 million m² of houses with gardens that should be restituted (1,509 residential buildings, 653 flats and 2,440 houses in the BMA). In the Serbian agency for restitution, there are a total of 582,344 requests for the restitution of these different assets. Many authors criticised the housing and urban policy in Serbia during 1989-2000.²¹

18 M. Hadzic & S. Zekovic, 'Effects of the process of deindustrialisation and the concept of reindustrialization strategy of Serbia', in M. Vujošević & S. Milijić (Eds.), *Conference Proceedings Regional development, spatial planning and strategic governance*, 2nd International Scientific Conference: *Regional Development, Spatial Planning and Strategic Governance* – RESPAG, 2013, pp. 410-421.

19 Republički zavod za statistiku (*English: Republic Bureau of Statistics*), *Saopštenje ZP21 SRB019 ZP21 310114*, No. 19 - LXIV, 31 January 2014.

20 P. Marcuse, 'Privatization and its discontents: property rights in land and housing in the transition in Eastern Europe', in G. Andrusz et al. (Eds.), *Cities after socialism — urban and regional change and conflict in post-socialist societies*, Blackwell, Oxford, 1996, pp. 119-191.

21 M. Petrovic, 'Postsocialist housing policy transformation in Yugoslavia and Belgrade', *European Journal of Housing Policy*, Vol. 1, No.2, 2001, pp. 211-231; M. Vujosevic & Z. Nedovic-Budic, 'Planning and societal context — the case of Belgrade, Serbia', in S. Tsenkova & Z. Nedovic-Budic (Eds.), *Urban mosaic of post-socialist Europe: Space, institutions and policy*, Springer, Heidelberg, 2006, pp. 275-293; S. Vujović & M. Petrović, 'Belgrade's post-socialist urban evolution: Reflections by the actors in the development process',

The Belgrade metropolitan region (NUTS 2) covers 3,223 km², or 3.6% of the territory of the Republic of Serbia, providing homes to 1.66 million people or 23% of the country's population (Table 3.1).

Table 3.1 Dynamics of urban population, GDP growth, housing and urban development land in the BMA between 1991 and 2011*

	1991	2002	2011	Index 2011/1991
1. Number of inhabitants	1,602,226	1,576,124	1,659,440	103.6
2. GDP – total, in billions of €	8.5	5.76	12.78	150.4
3. GDP €/per capita	5,305	3,656.3	7,708	145.3
4. Total number of dwellings	512,407	586,889	702,775	137.2
4.1. Number of state-owned dwellings	273,676	15,116	7,094	2.59
4.2. Number of private dwellings	238,731	571,773	657,602	275.5
5. Total residential floor space (mil.m2)	30.28	35.92	46.44	153.4
6. Residential floor space m ² /p.c.	18.9	22.8	28.0	148.1
7. Urban land (ha)	37,331.8	–	111,260.7	298.0
8. Urban land consumption m ² /p.c.	233.0	–	670.47	287.7

* Source: S. Zeković *et al.*, 'Planning and land policy tools for limiting urban sprawl: example of Belgrade', *Spatium*, No. 33, 2015, pp. 69-75.

During the period 1991-2011, after the introduction of new housing laws and a market approach in the residential sector, in parallel with the growth of floor space, there was an increase in residential living floor area p.c. (148.1%), urban land area (298%) and urban land consumption p.c. (287.7%) (Table 3.1). Living floor area p.c. increased from 18.9 to 28 m² p.c., or 148.1%. In the same period, the population index in the BMA grew only to 103.57%, while urban land growth was extreme – 298%. This implies a high correlation between some urban housing indicators' growth of private-owned dwellings (275.5%), increase in urban (building) land (298%) and average urban land consumption p.c. (287.7%). These indicators undoubtedly show an intensive process of urban sprawl in the BMA, especially within the illegal construction regime. The increase in urban land consumption p.c., in the period 1991-2011 from 233 to 670.5 m² p.c. was a consequence of income growth, redundancy, FDI, intensive immigration of refugees to the BMA, extensive urban land use as well as poor urban land policy. During 1990-2013, in Serbia as well in the BMA, there was an evident paradox: strong growth of dwellings and the strongest growth of

in K. Stanilov (Ed.), The post-socialist city: urban form and space transformation in Central and Eastern Europe after socialism, *The GeoJournal Library*, Springer, Vol. 92, 2007, pp. 361-383.

urban land occurred in parallel with Serbian negative economic growth (in the period 1991-2000, the GDP rate was -6.3%), or very low economic growth (from 2000 to 2013, the GDP was 3.1%). This trend, with the privatisation of state-owned dwellings, is inconsistent with a market economy (as the GDP in 2013 was around 60%-65% of its level in 1990). Therefore, the low rate of economic growth is not the key factor in the rise of housing. A possible explanation could be a huge wave of immigrant refugees and displaced persons to the BMA,²² and the rise of FDI in the real estate sector.

In 2011, in the BMA, urban land consumption of 670 m² per person shows an extremely high value, higher than in all other European cities,²³ indicating an excessive urban sprawl.²⁴ The BMA is the 'leader' in inefficient land use and urban sprawl. Uncontrolled urban expansion with massive illegal construction is an indicator of 'unhealthy' housing policy, urban governance, land policy and planning instruments in the post-socialist era.

3.3 HISTORICAL FRAMEWORK AND POST-SOCIALIST DEVELOPMENT OF HOUSING LAWS AND POLICIES

In this post-socialist phase, Serbia created a new framework for regulating many interests in urban real estate development in accordance with European continental law. The legal and real elements of urban order are out of step, especially in the insufficiently established post-socialist system. In regulating real estate and urban land use, there is an evident constant conflict between regulations and reality, private and public property, economic interests and social needs, and constant struggle (stocks, money and capital, especially on the real estate market) followed by conflicts in the political and governing arena.

Development of real estate regulations in Serbia was initiated in antiquity. The emperor Justinian introduced the *Codex Iustinianus* as a large codified programme that came into force in the Balkans in 529. Roman law covered ownership of property and land. The law of the Western Roman Empire (330-1453), to which the territory of Serbia historically belonged, was based on local regulations as the sources of legal and societal stability. Roman law established the instruments, legal conditions and rules for regulating real estate. The

22 Rašević & Penev estimate that 230,000 refugees came after 1990 from Croatia, Bosnia, Kosovo & Metohija, and the majority of them settled in the BMA. See M. Rašević & G. Penev, 'Demografska slika Beograda na početku 21. veka', *Stanovništvo*, No. 1, 2006, pp. 81-96. According to the UNHCR, 227,000 internally displaced persons from Kosovo & Metohija registered in Serbia in 2011 (which places Serbia in the first place in Europe and 15th in the world). See UNHCR, 'Global Trends 2013', available at: <www.unhcr.org/5399a14f9.html>.

23 Comp. with A. Bertaud, 'Government intervention and urban land markets: the case of China', *Journal of Architectural and Planning Research*, Vol. 29, No. 4, 2012, p. 335.

24 See * note Table 3.1.

property owner has the right to hold a thing/land and use it to levy effects (*ius posedendi, ius utendi, abudendi, fruendi*) in a way that is allowed by public interest.

Medieval legislation in Serbia developed under the strong influence of Roman law. *The Code of Serbian Tzar Dušan* (Serbian: *Dušanov zakonik*) from 1349 was an advanced set of laws used in the Serbian Empire, and afterwards, to regulate all aspects of life, including the rights and obligations of the nobility, property rights, criminal, state and procedural law and courts.

Recent development of the real estate legislation (including apartments and houses) has been established by the framework and influence of three different historical contexts with the domination of different political and socio-economic systems. The first context, from the mid-19th century until World War II, includes the order based on the *capitalist system and development of civil society*, in terms of a poorly developed agricultural country. The second context includes the period after World War II until 1990, characterised by a historically *authentic development of the socialist system* and state legislative structure, in three phases: (a) *Phase of the administrative-centralised system and post-war reconstruction, based on the communist paradigm* (1946-1950); (b) *Phase of authentic socialist self-governing/managing system* (1950-1990), including c) the stage of *associated labor and consensus economics* (1974-1990). The third context refers to the dissolution of the SFR Yugoslavia and the breakdown of the socialist system (1990-2000), as well as the *post-socialist transition* of society and economy *in the framework of a capitalist system with a neo-liberal discourse* (after the democratic change in 2000).

In the undeveloped agricultural Serbian economy based on the capitalist system, the first laws regulating the planning of cities and land use were adopted in 1865 (the first Urban Plan of Belgrade was adopted in 1867). There were three parallel, mutually different systems of basic legal records on the rights to real estate, on real-estate owners and loads on real estate, i.e. on the legal status of land: (1) *The system of land registry books* started with the adoption of the Serbian Civil Code (1844), which foresaw the registration of property in the legatee books, i.e. in the land registry books. In 1855, land books were established on the territory of Serbia, which was under Austro-Hungarian administration (Vojvodina, Belgrade, etc.). (2) *The title deed system* functioned until 1912, in the part of Serbia under Ottoman administration (Southern Serbia and Kosovo & Metohija), where land registry books had not been introduced. (3) The *land cadastre* was introduced in Yugoslavia in 1929, but it had existed even before in the parts under Austro-Hungarian governance.

State intervention in housing first appeared at the beginning of the 20th century (especially after World War II). The first Construction Act in the Kingdom of Yugoslavia, enforced in 1931, included the regulation of towns and villages, arrangement of building regulations (construction area, construction zone), regulation plans, technical rules, hygiene regulations, regulations for infrastructure, construction sites, land parcelling, expropriation,

building permit, public insight and discussion and land registration. *One curiosity is that Art. 46 of this Act considers only apartments with less than 100 m² (including the ancillary rooms) to be small.*

During the period of *the administrative-centralised system and post-war reconstruction* (1946-1950), the following regulations were adopted according to the communist paradigm: the Regulation on the registration of property rights to state-owned real property (Serbian: Uredba o upisu prava vlasništva na nepokretnostima u državnoj svojini, 1947); the Basic Regulation on design and construction (Serbian: Osnovna uredba o projektovanju i građenju, 1948), and the Basic Regulation on the master plan (Serbian: Osnovna uredba o generalnom urbanističkom planu, 1949). The socialist system of Yugoslavia after 1945 was based on state ownership, with strong societal control by the communist party according to the USSR model. After rejecting the charges of the Cominform resolution (1948), Yugoslavia continued with the centralisation of the administrative-socialist system and nationalisation. The state passed acts for the transfer of assets from private and other forms of property into state property (acts on agriculture land reform, confiscation, nationalisation, expropriation, etc.). The domination of state ownership implied insufficient care in the land registration system.

During the period of *the authentic socialist system of self-management* (1950-1990), the key pillar was the 'exotic' *societal ownership*, as a unique form of ownership in the world, applied in the decision-making in society, economy, enterprises and in the political system. It was introduced by the Constitution of FPRY in 1963, and applied to all the 'social-political communities' until its collapse in 1990. Reforms of the self-management system brought in measures to reduce the state's role in the economy; foreign investments were facilitated, and the conditions for developing *market socialism* were created. After the adoption of the Nationalisation of Tenancy Buildings and Construction Act (1958), the principle *superficies solo cedit* was abandoned. Construction land turned into state property, to become later a collective societal property. The owners of construction land became its users. This stopped legal transfers and the development of the real estate market. In that period socially directed housing construction was intensified.

During the period of self-governing socialism (1950-1990), there were several phases in the legal regulation of housing relations and rights. The Nationalisation of Tenancy Buildings and Construction Act (1958) prescribed the nationalisation of: (1) tenancy buildings, i.e. buildings privately owned with more than two apartments or more than three small apartments; (2) all residential buildings and apartments of legal persons, community organisations and citizens' associations ownership; (3) business premises of legal persons, community organisations and citizens associations' ownership, if not used for their permitted activities; (4) a surplus of over two apartments owned by a citizen, and (5) business premises in a residential building owned by a citizen, including the building plot. The Housing Relations Act (1966 and 1968) and the Act on the Ownership on Parts

of Buildings (1965), on the national level, both envisaged the provision of socially owned apartments by contract for their permanent use concluded with the bearer of tenure rights. The surplus of residential space (i.e. criteria for the rational use of the apartments based on their functionality, number of users, their age, gender, occupation, etc.) was established by social consensus between the Municipal Assembly, the Municipal Conference of the Socialist Alliance of Working People, the Municipal Trade Union Council, and the Chamber of Commerce. The bearer of tenure rights had to pay higher rent for the surplus of residential space.

The domination of the *concept of associated labor, consensus economics, self-management arrangements and social agreements* was introduced by the SFRY's Constitution in 1974. The Constitution introduced social planning of sociopolitical communities that were obliged to determine the policy, guidelines and measures for realising these plans. By the end of the 1980s, social planning disappeared. The laws on planning and spatial organisation that were passed in 1974, 1985 and 1989 triggered the weakening of state control in the urban system, together with a hypertrophy of state functions in sociopolitical communities.

Housing policy from the 1970s until the 1990s was characterised by dominant socialist values and postulates prescribed by legislation at the level of Yugoslav republics. The Housing Relations Act (1973) and The Act on the Amendments to the Housing Relations Act (1980) were based on tenure rights in social ownership. Housing represented the different status of social groups in obtaining some of the basic social rights in SFRY. While the principle of investing 4%-6% of the gross personal income of all employees was applied, only a part of the employees could realise tenancy rights with the support of the public sector. Le Corbusier's concept of urban development according to the Athens Charter (1933) was applied during that period in Yugoslavia, as it was compatible with the socialist system and urban planning. This initiated the construction of New Belgrade (with more than 200,000 inhabitants) and New Zagreb (with more than 100,000 inhabitants), i.e. prefab multifamily housing blocks, well-serviced and with many amenities.

The break-up of SFRY and the collapse of the socialist system (1990-2000) was a product of complex circumstances that culminated in political and armed conflict in the 1990s. What contributed to the break-up of the country was the absence of economic and social reforms, as well as the incompetence of the political elites to transform the system. The collapse of the SFRY led to the formation of new states, among which was FRY (created in 1992 of the republics of Serbia and Montenegro), which was reconstituted as the State Union of Serbia and Montenegro in 2003. The new Serbian Constitution was adopted in 1990, and the Constitution of FRY in 1992. Serbia was exposed to economic destruction, inner rifts, international isolation and war devastation, without a clear strategic policy. In 1995/1996, Serbia passed a 'set of building laws'. Construction land could be public construction land or private or state-owned and with the right of use or lease.

A housing policy is constituted in parallel with the development of the state legal order, as a corrective of social inequalities in housing due to market mechanisms. Mandič considers that a specificity of housing policy lies in creating a specific combination of social, economic and urban policy measures that allows housing to be affordable and appropriate to members of all social classes.²⁵ The transition to the post-socialist, mostly market-driven system, has dismantled almost all the elements of the former system (with the exception of a small part of the so-called solidarity housing construction), especially regarding institutional settings and financial mechanisms and sources, now directing the key course of changes towards the functioning of the 'free urban land and housing market'. A large number of new players appeared in the housing arena, following the restructuring of the previous large construction companies, often ending in their bankruptcy. The new – in effect spontaneous – yet unfinished and provisional institutional and organisational settings proved hardly efficient in providing adequate new housing construction. It is expected that in a market system, housing supply should match the demand both in quantitative and in qualitative aspects. In the former socialist system, the 'societal (social) directed housing construction' was first made possible because of almost inexhaustible quantities of disposable lands in the urban outskirts, mostly for agricultural use; then because of relatively low costs of their conversion to various urban uses, and, finally, because of dominant social (collective) ownership of urban land. Under such circumstances, until the end of the 1980s, 10,000 housing units on average were built annually (e.g. in 1989) in the BMA.

After the democratic changes in 2000, *the post-socialist development context* laid the groundwork for a new institutional framework based on the capitalist system of neo-liberal discourse. Since 2003, legislation on building and construction land has been merged with the spatial-urban legislation (Planning and Construction Act, 2003). Under the slogan of codification, legal matters of spatial and urban planning, construction land and building construction were mechanically integrated into a single law (with 25 by-laws). After a radical change of the system of land disposal by municipalities and towns, private property is allowed on the 'other' construction land (although the Constitution banned private ownership from 1990, from 2006 it enabled private ownership of construction land as well as construction land trade). The Act enabled selling and the transfer of rights to use undeveloped land. The right to a long-term lease of state land for 99 years was introduced, instead of the permanent right to land access. Although the Serbian Constitution (2006) did not regulate the housing right, it became part of the legislation by the acceptance or ratification of international legal acts related to the housing right as a human right.

The new Planning and Construction Act was adopted in 2009, with several Amendments and Addendums (in the period 2010-2014). According to this Act, construction land may

25 S. Mađič, *Stanovanje in država*, Znanstveno in publicistično središče, Ljubljana, 1996.

be in all forms of ownership (publicly owned construction land as well) and on the open market.

During the period of transition, the average annual construction fell drastically from 6,000 (in 2005) to 4,000 (in 2011) housing units in the BMA. However, the average number of dwellings built should be significantly larger, i.e. 16,690 units per year, if data from the two consecutive population censuses (2002 and 2011) are applied. This difference may well be ascribed to large-scale illegal construction.

Since the 1990s, the new political contextual framework (a neo-liberal market concept) supported the transformation of housing policy. In this transformation we identified four main directions: (a) mass privatisation of social housing in 1990-1996, (b) mass and intensive illegal construction (especially in Belgrade), (c) intensifying market housing construction, and (d) initiating solidarity housing construction to a lesser extent (after 2000). These processes initiated 'frantic-growth' in the BMA, with very high land conversion rates and population densities in some illegal settlements.

3.3.1 *Privatisation of Socially Owned and State-Owned Dwellings*

The Serbian housing policy from the 1990s until today has been characterised by a radical transition from the concept of state housing construction to a neo-liberal market concept. The turning point in housing policy occurred in 1990, when the state abolished an old system spanning several decades of financing social housing construction. The introduction of the liberal concept of private property domination during the rule of Slobodan Milošević (before the introduction of a multiparty political system in Serbia) was one of the prompt changes in the housing reform process. In accordance with the Housing Relations Act (1990), and the Housing Act (1992), there was a massive privatisation of social housing, which made up the biggest part of the housing stock in cities, while the obligation of employees to contribute with 4% of net salary to housing construction was cancelled.

The process of total privatisation of social apartments was intensive from 1990 to 1995, resulting in a radical change in ownership structure. Between 1990 and 2000, around 258,560 (94.5%) social dwellings were privatised, and another 8,000 from 2000 to 2011. In total, 98% of social dwellings in Serbia became private. High-quality flats were bought off for several hundred DEM,²⁶ on average, though their real market price was several hundred times bigger. This was a direct consequence of legislation (1990, 1992), where the basis for the purchasing price represents revaluated construction value of the apartment (the average construction costs) reduced by the amortisation. The contractual price of the apartment is obtained when its purchase price is reduced for: (a) contribution for housing construction paid by the person purchasing the apartment by 0.5% for each year of service,

26 It was not an isolated case that, e.g., a 60 m² flat was purchased for 1 DEM during the period of hyperinflation.

up to 30%; and (b) compensation to the owner of the expropriated apartment who has tenancy rights, up to 10%. The annual dwelling repayment was equal to at least the double rate of depreciation, while the repayment period was not less than 40 years. Deductions for depreciation were up to 50%. A discount of 20% was approved if a dwelling was paid in whole. For payments in dinars, originating from the sale of foreign currency (at IFEM), the amount of debt was reduced by 35%. An additional reduction of up to 50% was envisaged for disabled war veterans.

The Housing Relations Act (1990) projected the utilisation of social housing based on tenancy rights, often with co-tenant or subtenant relationships in a given apartment. The 'Ordinances of the Records of Social Apartments Purchased with a Mortgage' (1990) regulated the form, data and volume of the specific *Book of Records* on mortgaged social apartments purchased in instalments. The *Book of Records* on sold social apartments was kept by the municipal, i.e. the city geodetic directorate. These books ceased to be valid with the establishment of the real property cadastre (2005-2011), i.e. with the realisation of the real property cadastre project and the registration of property rights in Serbia, which was accomplished with the WB loan.

The Housing Act (1992) envisaged the utilisation of residential buildings and dwellings based on a tenancy right and lease. The holder of the right to dispose of a socially owned apartment and the owner of the apartment in state ownership are obliged to allow the occupancy right holder (tenant), at his/her request in writing, to purchase the apartment he/she had occupied. The Housing Act envisaged the following: (1) *purchase/sale* of socially owned apartments, (2) the use of socially owned apartments on the basis of tenancy rights (which can no longer be acquired after 1992), based on the contract on the use of dwelling, and (3) lease of an apartment in social ownership (if the occupancy right holder did not conclude a contract on purchasing an apartment before 31 December 1995).

The rent of an apartment that the tenant uses for an indefinite period was determined on the basis of the apartment area, the quality of the apartment and the building. After the amendments to the Housing Relations Act (2001), it was not obligatory for private enterprises, institutions and public authorities to allocate funds at a rate of 1.3% on gross salaries in order to solve the housing needs of employees with insufficient funds (solidarity flats) and disabled war veterans. The Act protects persons who were subtenants until 1959 by giving them rights of co-tenancy (except for the right of dwelling purchase). These corrections brought 'social justice' and made purchase possible for the majority of the population. An average contracted price for purchasing an 80 m² dwelling constructed in 1970 was around 20,000 DEM, and the purchase contract price (with all the advantages) was reduced to a few hundred DEM, especially because of hyperinflation (1992-1994). Petrović (2004:152) believes that this was not on a large scale, and that the purchase price was

around 30% of the estimated market value.²⁷ In view of the highest inflation rate in the period of intensive purchase (1990-1996), we estimate that preliminary privatisation effects of housing stock (266,560 dwellings) are 140-280 million DEM (EUR).

According to Damjanović & Gligorijević,²⁸ social dwellings were sold for a pittance, though their estimated value was around 6 billion DEM (6 billion EUR). Privatisation of valuable housing stock ended without any financial effect, especially because of hyperinflation, decentralised system of dwellings purchase and political interests. By privatising all nationalised and confiscated dwellings, the state ignored the obligation of restituting nationalised property to former owners.

The share of private ownership increased from 46.6% of dwellings in 1991 to 94.3% in 2011. According to the last Census (2011),²⁹ there were 2.18% of dwellings in Belgrade, and 1.59% in Serbia in public (state) and other ownership forms (except private). In relation to other countries, the government-owned rental stock represents only 3% (in Serbia) and 5.7% in the BMA. The share of state-owned dwellings in other transitional countries in the period 1990-2000 varies; in Czech Republic it was 53% (but decreased to 2.3% in 2013), and in Poland it was 41.1%; however, it was only 12% in Slovenia, 11% in Slovakia, 2.5% in Romania and 2.3% in Hungary. By contrast, in the Netherlands, Sweden and UK, the share of state/public-owned housing is 32%, 40% and 18%, respectively,³⁰ while 70% of dwellings in Vienna are owned by the municipality.

A rapid withdrawal of the state from the housing field and total deregulation has made provision of living space for the majority of the population an insurmountable problem,³¹ while turning housing construction into one of the most profitable activities. The global financial and economic crisis and the population's decreased purchasing power slowed down the dynamics of dwelling construction and increased the number of unsold and vacant dwellings and commercial premises. The state was gradually left to deal with the housing policy with a minimum of institutional and human capacity in this area. Since the 1990s, the housing policy processes have started to gradually turn to solidarity housing construction.

As a consequence of the unequal dynamics of transitional reforms in housing policy and construction, a specific 'urban strabismus' occurred in the land policy (as 94.3% of

27 A 65 m² dwelling 20 years old cost 500 DEM; a new 80 m² dwelling in an exclusive location was 3,000 DEM, with the assumption that the real value was around 1,000 DEM per dwelling. See D. Damjanović & Ž. Gligorijević (Eds.), *Socijalno stanovanje – Prikaz stambenih politika Srbije i odabranih zemalja Evrope*, Palgo Center, Beograd, 2010.

28 Id.

29 Statistical Office of the Republic of Serbia, *2011 Census of Population, Households and Dwellings in the Republic of Serbia*, Belgrade, 2012.

30 CECODHAS Housing Europe, *Housing Europe review 2012: The nuts and bolts of European social housing systems*, 2012, available at: <<http://www.housingeurope.eu/resource-105/the-housing-europe-review-2012>>.

31 Mojović *supra* note 6.

dwellings and 50% of urban construction land is in private ownership). The adoption of the Planning and Construction Act (2009) enabled the conversion of the right to use into the right of construction land ownership, i.e. the application of the principle *superficies solo cedit*, with a small share of leases on public state land and municipal/urban land.

The Act on Maintenance of Residential Buildings (1995, 2011) has had a significant role in housing policy, especially for establishing the modes of maintenance and management of buildings. The paradox is that despite minimised public intervention in housing policy, there is still the monopoly of the public sector in the maintenance of residential buildings.

In mid-2015, there was an initiative to adopt an Act on the privatisation of the remaining state-owned flats (the so-called *official apartments*), but the President of Serbia suspended it.

3.3.2 *Massive Illegal Construction*

During the 1960s, in response to rapid urbanisation, a high demand for housing and the inability of the existing socialist model to provide residential space, illegal construction occurred in peripheral urban areas. Since the 1980s, single-family housing has developed in the suburban areas of the BMA, usually with the lack of public infrastructure. The lack of real policy of construction land and urban development additionally contributed to the establishment of this solution, as a parallel model of housing provision.

In parallel with the process of privatisation of state and socially owned dwellings (1990-1995), since 1990 onwards, the process of massive illegal building has intensified. In the 1990s, the key driving force was the accommodation of a large number of immigrants who came from Croatia, Bosnia and Herzegovina and Kosovo and Metohija to the BMA. According to UNECE (2009), informal settlements represented the key form of urban sprawl in Belgrade, covering 22% of the construction land and taking up some 40% of the residential areas. The MUP of Belgrade recorded that the majority of informal residents lived in compact informal housing, scattered in 34 city zones, 18 low-density informal settlements and in urban slums. In Serbia, the process of 'real-estate bubble growth' manifested itself in an additional increase in illegal construction, now totalling some 1.4 million of illegal buildings (or 30.4% of their total number, according to RGZ, 2014).³² In the BMA, some 0.2 million illegal buildings were recorded, creating pressure on the uncontrolled urban sprawl.³³ Pajović emphasised that laws in Serbia seek to confront illegal construction,

32 Or 30.4% of their total number, according to the Republic Geodesy Authority (Republički geodetski zavod, RGZ), Katastar nepokretnosti, 2014, available at: <<http://katastar.rgz.gov.rs/KnWebPublic/>>.

33 Z. Nedovic-Budic *et al.*, 'Land Privatization and Management in Serbia – Policy in Limbo', *Journal of Architectural and Planning Research*, Vol. 29, No. 4, 2012, pp. 306-317.

but the origin of this phenomenon has deeper roots that urban legislation cannot successfully remove.³⁴

In Belgrade, there is also speculative urban housing (as in many other South Eastern European cities) as a consequence of the intensification of urban pyramid evictions and “nouveau-rich enclaves”.³⁵ Selvanayagam indicated that there have been major informal community evictions in 12 world cities, including Belgrade.³⁶ Manzotti argued that because of the wars, above all, the war of 1999, Serbia found itself having to manage a demographic ‘bomb’: after its war on Kosovo, 10% of the country’s population were considered either refugees or internally displaced persons.³⁷ Serbia lacked the means to provide for the housing needs. Manzotti indicates that Belgrade is a city almost half built in an “informal way”, or illegally. At the heart of this phenomenon, which never seems to slow down, despite the authorities’ efforts to thwart it, lie real estate speculation and a systemic incapacity to respond to the need for basic housing. Bromley indicates that formalisation of property relations through land registration represents a part of the optimistic policy prescriptions imposed on poor nations.³⁸ Consequently, Serbian institutional logic, promoted by the government in 2007, was based on the slogan “under the roof – registered has more value”.

During 1990-2015, four laws on legalising massive illegal buildings have been adopted in Serbia.³⁹ According to the Act on special conditions for the registration of property rights on buildings constructed without a building permit (2013), registration of property rights enables legal security in real estate transactions and the provision of loans. In Serbia, according to the available data, only a small percentage of illegal buildings have been legalised.

The Legalisation Act (2013, 2015) and the ‘Ordinance on Determining the Remuneration for Legalisation’ (2010) prescribe the payment of a development fee that is 99% less than the standard value determined by local regulations. This indicates that: (1) there is limited decentralisation of municipal competences, as central authorities prescribe the reduction of the development fee for which the local government is in charge, (2) the owners of legally constructed buildings who paid a full development fee are *de facto* discriminated against and (3) the city budget is deprived. According to PCA, the fee for the conversion

34 D. Pajović, *Urbanistički zakoni južnoslovenskih zemalja – BiH, Crna Gora, Hrvatska, Makedonija, Slovenija, Srbija*, Novi Sad, 2006.

35 Nozdrina & Toda *supra* note 6.

36 R. Selvanayagam, ‘Wanted: new frameworks for urban housing’, *Stanford Social Innovation Review*, 2012.

37 L. Manzotti, ‘Belgrade’s urban wilderness’, *Osservatorio Balcani Caucaso*, 2 July 2009, available at: <www.balcanicaucaso.org/eng/Regions-and-countries/Serbia/Belgrade-s-urban-wilderness-46186>.

38 D.W. Bromley, ‘Formalising property relations in the developing world: the wrong prescription for the wrong malady’, *Land use policy*, Vol. 26, No. 1, 2009, pp. 20-27.

39 The latest Legalisation Act was adopted on 20 November 2015. What essentially characterises this act is the fee of 120 EUR/dwelling (for 200 m²), which is 100-250 times less than the full fee for construction land!

of agricultural land into urban construction land does not have to be paid when legalising objects. The Anti-Corruption Agency of Serbia (ACAS) has voiced concern regarding many aspects of the PCA, particularly the provisions related to the legalisation of illegal buildings. The Agency noted that there is a lack of specifics to guide the PCA implementation, which results in corruption.⁴⁰

3.3.3 *Market Housing and Dwelling Tenure Regulation*

After the mass privatisation of public-owned dwellings in Serbia (and the BMA), addressing the populations' housing needs has been completely surrendered to the market. Leasing public-owned apartments almost does not exist anymore (except for leasing official residences, a few public-owned apartments and state-owned villas for the housing of diplomats). According to Mojović,⁴¹ only owning one's own apartment is considered to be a desirable form of housing in the new environment. At the same time, renting apartments is prevalent in larger European cities (40%-55% on average). A limited housing market and unfavourable conditions for long-term lending for housing have made it impossible for the majority in Serbia to purchase an apartment, thus compelling people to rent in the unregulated ('grey') market. Rent in the private sector was not regulated in the socialist system, or in the post-socialist period, so neither the tenants nor the landlords have any legal certainty. The government does not tax the right of leasing apartments to natural persons (even though it is prescribed by the Law on property taxes of RS, Art. 2), because the lessors do not report leases (because of the existence of the grey economy) and there are no records and statistics regarding leased apartments, even though around 10%-25% of households live in rented ones.⁴² Such a status requires the formulation and adoption of a housing policy in Serbia and its return to the fold of state intervention in those areas where it is the practice in the EU countries (e.g. construction of institutional capacities in public and private sector, adopting regulations on tenure instruments, tenure taxation, incentives, tenure subsidies, protecting the rights of tenants and landlords, registers and statistics, etc.). Housing markets and social housing systems are integrative parts of urban development.

Further, there have been no systematic price statistics of housing construction for the municipality level. The official statistics cover only totals, for the Republic of Serbia, for the Autonomous Province of Vojvodina and for the BMA. According to the National Mortgage Insurance Corporation, an average price of 1 m² of housing space in the BMA

40 ACAS news (in Serbian), 2011, available at: <www.korupcija.gov.rs>.

41 D.J. Mojović, 'Stambena politika u Srbiji: Nužan zaokret ka podršci stanovanju pod zakup', *Agenda*, Palgo Center, Belgrade, No. 04, 2011, pp. 3-6.

42 Id.

reached its peak of almost 1,400 EUR/m² in 2008, and began to decrease in the ensuing years (i.e. 1,120 EUR in 2015).⁴³

3.3.4 Solidarity Housing Construction

The Housing Act (1992, Art. 44) introduced a new category called *solidarity dwellings* aimed at solving the housing needs of employees in enterprises, institutions and government bodies, as well as of the disabled war veterans who lack sufficient resources. Therefore, companies, institutions and government authorities had to allocate certain funds – 1.3% of the gross amount of paid salaries until 31 December 2000 (amendments from 2001 deleted the whole Art. 44). The city assembly prescribed the manner, terms and conditions of use and restitution of these funds. A special fund for the financing and construction of solidarity dwellings was responsible for fundraising, organising the construction process, allocating a certain number of square metres to participants (in proportion to the allocated funds and needs of the employees), and allocating flats according to a competition.

In 1990, the Belgrade City Assembly created the Fund for financing the construction of social solidarity dwellings. When the employers' obligation of paying tax on salaries was terminated on 1 July 2004, regular financing of these funds ceased. This forced many local municipalities to abolish them.⁴⁴ The Social Housing Act (2009) introduced the term 'social housing', including the necessary instruments, The National Strategy for Social Housing (2012), and financing. The Act created conditions for the formation of local housing agencies. In Belgrade, the Agency for Investments and Housing took over the budget (in 2009, it was 13 million EUR) and all the activities of the Fund in 2010. From the establishment of the social solidarity funds in 1990 until 2010, a total of 15,000 housing units were built in Serbia. In Belgrade, there were 8,762 solidarity dwellings in 2009.⁴⁵ On average, 500 m² were built annually, and the purchasing price was 600-800 EUR/ m². The programme for the construction of social solidarity dwellings for 2001-2005 has not yet been completed for want of resources, and it is expected to end in 2015-2016 with the last 200 housing units. The Regulation on resolving the housing needs of the elected, appointed and employed persons by the users of state assets was adopted in 2010, as an attempt to bridge the transition to market conditions in the housing area. It envisages solving the housing shortage by providing apartments for leasing during a certain period (five years, at market price), and providing housing for official use. Though it does not mention social

43 National mortgage insurance corporation, available at: <www.nkosk.rs/content/indeks-cena-nepokretnostinacionalne-korporacije-za-osiguranje-stambenih-kredita>.

44 These funds were rather small and could provide approximately one dwelling per 10,000-15,000 inhabitants annually. See Studija socijalnog stanovanja (Study on Social Housing, UZB), *Urbanistički zavod Beograda*, Belgrade, 2009.

45 Id.

housing, the government applies it to these dwellings. Another problem is that the new legislation ignores the existence of such social housing, although these solidarity funds have provided the bulk of social housing in the last 25 years.

3.4 CONCLUSIONS AND RECOMMENDATIONS

The socialist concept of the welfare state was transformed in a very short time into a neo-liberal economic concept, with deregulation of the housing legislation, especially by mass privatisation of social (public) housing stocks. The analysis of the transformation of housing regulations and housing policies in different historical, political and socio-economic contexts in Serbia, especially in post-socialist/transitional conditions, indicates a lack of housing policy reform and some of its instruments. The imperatives of neo-liberalism in the transformation of the housing legislation (privatisation of state and socially owned housing stock and urban building land, liberalisation of housing rent, (in)formal housing markets, conversion of agricultural land to construction land, a lack of state regulation and control, etc.), and 'neo-liberalising' efforts have produced significant consequences in housing, urban land use and the development of the BMA.

We identified four types of housing policies in Serbia during the post-socialist period: (1) rapid and total privatisation of state-owned dwellings, which was introduced in 1990, without restitution, (2) massive illegal housing construction, intensified in the 1990s, (3) the dynamic growth of commercial housing, and (4) a slow and limited growth of a new social housing policy. The key findings are: (1) privatisation of 266,500 state-owned dwellings had marginal financial effects (the so-called privatisation trap), resulting in only 1.5% of dwellings in public ownership in Serbia today (2.18% in the BMA); (2) vast illegal housing comprises 1.4 million out of a total of 4.6 million buildings in Serbia (in the BMA, 0.2 million illegal buildings) (3) ineffective legalisation of the massive illegal, irregular and informal buildings (4) inefficient new social housing policy with a largely symbolic number of new residential units (5) extremely inefficient urban land use as a consequence of the lack of efficient residential, urban and other policies (in the last two decades the urban area in the BMA has trebled, while urban land consumption increased to 670 m²/p.c. in 2012 – more than in all other European metropolitan areas, (6) there is an imbalance between the dynamic growth in the number of dwellings and the average residential floor space and a very low population growth in the BMA and negative or low economic growth.

The conclusion is that reform in post-socialist Serbia has not been implemented in the rental sector. These reforms relate to the legal regulation of the housing policy, particularly the development of housing tenancies (the formation of the housing stock in public ownership, regulation of the housing market, level of rents, rent subsidies, implementation of rent taxation, protection of the rights of the lessee and the lessor, register of lease, rent

control, and incentives, sanctions and measures), institutional capacity building in the public and private sectors, statistics, the legalisation of illegal buildings, housing assessment value, etc. Regulation of residential renting is a fundamental value of the EU (e.g. national tenancy policies and regime, tenancy laws, European contract law, etc.). The adoption of some regulations in the Serbian housing policy should enable its harmonisation with the best European experiences.

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