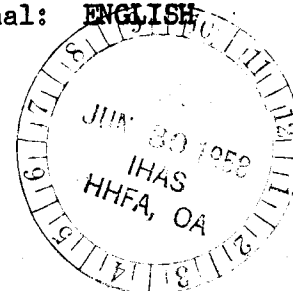


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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 3 of the provisional agenda
for the sixteenth session)

MATTERS ARISING FROM THE THIRTEENTH SESSION
OF THE ECONOMIC COMMISSION FOR EUROPE

Note by the Secretariat

The following note incorporates the discussions, decisions and documents of the thirteenth session of the Economic Commission for Europe, held in April 1958, in so far as they are relevant to the work of the Housing Committee.

1. Annual report of the Housing Committee

This report was adopted in draft by the Committee at its thirteenth session in November 1957 (E/ECE/HOU/71, paragraph 21). At the request of the Committee the report was put in final form by the Secretariat and approved by the officers of the Committee. The report was circulated to the Commission in document E/ECE/307-D.

2. Submission and discussion of the annual report of the Housing Committee

This report was submitted by Mr. Bonnome, Chairman of the Housing Committee. Annex I contains an extract from the provisional summary record of Mr. Bonnome's introductory statement and of the ensuing debate by the Commission.

3. Decisions taken relating to the work of the Housing Committee

The Committee's attention is drawn to the following resolutions contained in Annex II:

Resolution 1 (XIII) concerning the implementation of resolution 2 (XII),

Resolution 2 (XIII) concerning economic, technical and scientific documentation,

Resolution 3 (XIII) concerning the development of contacts between countries participating in the Commission's work,

Resolution 5 (XIII) concerning productivity of labour,

Resolution 9 (XIII) concerning inter-regional co-operation, and

Resolution 13 (XIII) concerning the Commission's programme of work for 1958/1959.

4. Annual report of the Commission to the Economic and Social Council

In its annual report to the Economic and Social Council (E/3092), the Commission gave the following summary of the discussions affecting the Housing Committee:

"A considerable number of delegations expressed their appreciation of the constructive and practical work carried out by this committee. General satisfaction was also expressed with its working procedures involving the growing use of expert rapporteurs made available by governments and increasingly closer working relations with a large number of other international organizations having an interest in various specialized aspects of housing. It was felt that such procedures enabled the Committee to provide a useful focal point and co-ordinating facilities for these organizations.

The comprehensive work on housing finance which it was noted would shortly be completed was singled out as a substantial contribution to the solution of problems of immediate concern to governments. Some delegations requested the Secretariat to be particularly careful when drawing conclusions from this work which might affect the wider economic and social policies of governments.

The considerable advance made in the field of statistics, including the issue of the Quarterly Bulletins of Housing and Building Statistics, which were now appearing on a subject rather than a country basis, were considered by several delegations as being fundamental to the Committee's work of economic analysis and reporting. The financial implications of printing an Annual Statistical Bulletin, which was being prepared for the first time, (at an estimated yearly cost of \$2,000) were also noted. The delegate of Belgium suggested that the Committee's Statistical Working Party should focus its attention on housing rather than building statistics. The delegate of Sweden thought that there were practical limits to attempting to arrive at standard definitions of statistical concepts in the field of housing and that in the future more attention might be paid to developing and improving national statistics which would also be useful for international studies.

Several delegations expressed the wish that the Committee's work on technical policies of governments in relation to the industrialization of house-building and with particular emphasis on reducing the cost of building

should now be given priority. There was general agreement on the importance of the Committee's work on standardization and modular co-ordination. As to the Committee's decision to hold a meeting on this question, as recorded in the report of its fifteenth session, two delegations thought that such a meeting should not be held until the work of the European Productivity Agency on modular co-ordination had been completed.

The establishment by the Committee of a longer-term programme of group visits was welcomed by many delegations as facilitating advance planning and wider participation which would make such sharing of experience and information on the spot more useful in the future. The work of the International Council for Building Research Studies and Documentation (CIB), which it was recalled was established following preparatory work and recommendations by the Committee, received favourable comment for providing facilities for technical co-operation, the dissemination of technical and scientific documentation and other forms of all-European contacts in this field."

5. Programme of work of the Housing Committee

The Committee adopted its work programme at its fifteenth session in November 1957 (HOU/Working Paper No. 71, paragraph 18). The work programme was submitted to the Commission in document E/ECE/318. Resolution 13 (XIII), to which attention has already been drawn, concerning the Commission's programme of work for 1958/1959, relates also to the work programme of the Housing Committee.

ANNEX I

EXTRACT FROM SUMMARY RECORDS CONTAINING A SUMMARY OF THE INTRODUCTORY STATEMENT BY THE CHAIRMAN OF THE HOUSING COMMITTEE AT THE PLENARY SESSION OF THE ECONOMIC COMMISSION FOR EUROPE IN APRIL 1958 AND A SUMMARY OF THE ENSUING DEBATE ON THE HOUSING COMMITTEE

"Mr. BONNOME (France), speaking as Chairman of the Housing Committee, introduced its report (E/ECE/307-D). Drawing conclusions therefrom on the Committee's structure and method of work, he said that at the moment the Committee had only one standing organ, namely, the Working Party on Housing and Building Statistics, which, having completed most of its work, would not need to meet so often. The new method of work consisted in making ever greater use of expert rapporteurs nominated by governments and by the international organizations participating in the Committee's work, and would make it possible to handle the ever-growing volume of work without increasing the number of meetings.

Another improvement was the new practice of concentrating on a group of closely connected problems at each session; that had the dual advantage of facilitating thorough discussion of the problems and saving governments the trouble of sending experts whose presence was required for only part of a session. Nevertheless, in view of the tasks the Committee had set itself, it was essential for it to continue to meet twice a year; otherwise the submission of reports might be delayed and the sessions themselves lose some of their value, much of which depended upon the periodical exchange of views.

Mr. SIMONET (France) noted with satisfaction the improvement in working methods, particularly the appointment of rapporteurs, which had made the Committee's sessions more productive and increased the material available to the Secretariat for the preparation of its report. The co-operation of the International Organization for Standardization, of the International Federation for Housing and Town Planning, of the International Union of Architects and of other organizations would be of great assistance to the Committee, which could thus co-ordinate the activities of those bodies.

So far as the programme of work was concerned, the French delegation attached special weight both to the financing of housing (a critical review of such financing policy in various countries would be of special interest) and to

industrialization, a new aspect of the building problem. It also approved the continuance of aid to the less industrialized countries by the despatch of missions of experts and the dissemination of information on up-to-date techniques which could be used in those countries as they became more and more industrialized.

Lastly, the French delegation was actively interested in the work of the International Council for Building Research, Studies and Documentation, which should be as a veritable research and planning office for the Committee.

Mr. FANIEL (Belgium) considered that, in collecting statistics on highway, bridge and railway construction, the Working Party on Housing and Building Statistics was going beyond its terms of reference. If the high standards of work done at Geneva were to be maintained, a working party of the Committee on Housing should not deal with such questions.

With reference to the study on the financing of housing (HOU/Working Paper No. 66 and Addenda and Corrigenda), he recalled that the Secretariat's tentative conclusions set out in Chapter V had given rise to some difficulties. Like the Commission's annual Economic Survey of Europe and quarterly Economic Bulletin, the studies made by the secretariats of the various committees were working documents which did not commit the Commission itself. Since, however, some housing problems had, at times, rather awkward political implications, government representatives on the Committee had to be on their guard, and could not allow their government's policies to be condemned. As, moreover, the Commission and its subsidiary organs were economic bodies, it would be better for them to refrain from formulating conclusions in their studies. Such a course would no doubt be better than expressing views which were no more than an unsatisfactory compromise.

So far as the Committee's programme of work was concerned, he doubted whether an ad hoc meeting to accelerate the practical applications of standardization and modular co-ordination would be of any value if its terms of reference were so broad as to embrace the study of standardization of building materials throughout Europe. Such a meeting could be of use, however, if its scope were limited to practical aspects of the problem and to local needs.

Mr. KUDRYAVTSEV (Byelorussian Soviet Socialist Republic) said that during the past year the Housing Committee had continued to do useful and

important work. The long-term programme of group visits on which it had agreed should prove highly beneficial. It was to be hoped that the visits would be arranged with an eye not only to the technical aspects of housing but also to its economic aspects. In order to derive the maximum benefit from them, participants should be provided in advance with descriptive material in their working languages.

The Committee's programme of work was generally satisfactory, but it should pay more attention to the question of technical standards in house-building and the use of modern types of machinery and materials and modern building methods, not only from the technical but also from the economic point of view. He therefore supported the Swedish proposal that further studies be carried out on the reduction of the cost of house construction. The Byelorussian Soviet Socialist Republic, whose recent experience in housing had convinced it of the contribution the use of prefabricated components and up-to-date construction methods could make, would continue to play an active part in the Committee's work.

Mr. HEINZ (United States of America) said that the United States Government warmly approved of the Housing Committee's work, which appeared to have benefited all the countries taking part in it. The Committee had shown considerable flexibility in its organizational arrangements, and its recent work on the financing of housing was especially praiseworthy.

With regard to the Belgian representative's remarks, the United States delegation saw no objection to governments meeting to consider what they could do to facilitate the adoption of modular co-ordination, particularly if the meeting were held after the European Productivity Agency had completed its reports on the subject early in 1959.

Mr. MAKIEDO (Yugoslavia) said that while his delegation was, in general, satisfied with the Committee's work, it thought that more attention could be given to the problem of the urbanization of rural areas. Yugoslav experts had been mapping out the lines which the study of the problem could follow, and a key study had already been distributed to members of the Committee. He hoped the Committee would be able to take a decision on the matter at its next session.

His delegation also considered that the establishment of a regional centre for the improvement of housing in Turkey, Greece and Yugoslavia would be of great benefit to those three countries.

Mrs. JOCK (Sweden) thought that, in the effort to secure internationally comparable statistics, too much attention was being given to the standardization of definitions and terms. In housing, a field in which there were great differences of institutional organization, climate, tradition and policy between one country and another, greater emphasis should be placed on the improvement of national statistics for national purposes. Such statistics would also be of use to the Committee in preparing comparative surveys.

She noted that the Committee had drawn up a long-term programme of visits to various countries. That was an example which could with advantage be followed by other committees as well, for it was often a matter of some difficulty for governments to send experts to international conferences.

Mr. DEGTYAR (Union of Soviet Socialist Republics) said that a tremendous effort was now under way to improve the housing situation in his country. The results that were being achieved would have been impossible without the recent complete transformation of the building industry.

The success of the Committee's work had been due to the joint efforts of all the participating countries. The visit to the Soviet Union, to take place in 1959 at his Government's invitation, and the other visits, arranged by the Committee over the next three years, would be to enable national experts to learn something of the latest methods and improvements in other countries.

Great importance attached to the study of such matters as the quality of housing and the reduction of building costs. The USSR had transmitted a monograph to the Secretariat for use in preparing the report on the subject.

It was desirable that greater attention should be paid to the effects of industrialization and mechanization and to the use of new building materials: but the study of technical policies and building costs was not being pursued with all the vigour it deserved.

Trade in building materials was also of great importance, particularly in connexion with the problem of modular coordination. His delegation approved the Committee's decision to convene a special meeting on the latter subject and considered that it should be held not later than the end of 1958 or the beginning of 1959.

The study of the utilization of space in apartment houses and rural dwellings would be of great interest, and his delegation hoped that when completed it would help to clarify the best methods of providing cheap and comfortable housing in both country and town.

There should be a better balance in the Committee's work between the engineering and economic aspects of building. The Committee should in particular give more attention to technical developments, the introduction of new materials, machinery and methods, and the organization of the industry, particularly from the standpoint of efficiency and economy.

Lastly, exchanges of information should be widened and intensified.

Mr. BERIO (Italy) said that, although his country had practically solved the problem of urban housing, no final solution had yet been devised for rural housing. His delegation would therefore like special attention to be paid to the question of rural housing in the Secretariat's annual study.

The Italian delegation considered the establishment of the ad hoc Working Party on Housing Problems of Less Industrialized Countries to be particularly timely. That was a subject on which fruitful collaboration could be established between the countries of southern Europe.

Mr. WRIGHT (United Kingdom), referring to the support expressed by the representatives of Belgium and the Union of Soviet Socialist Republics for a meeting on modular co-ordination, said that while his delegation agreed with the idea of modular co-ordination, it considered that the issue should not be forced by holding an ad hoc meeting before the study in course of preparation by the European Productivity Agency was available which would not be before the end of 1959.

Referring to the Yugoslav representative's suggestion that the Committee should study the problem of urbanization, he expressed the view that the inclusion of that subject might unduly broaden the Committee's programme. Whereas housing could be closely defined, urbanization involved the study of such matters as the allocation of land and resources, and the result might therefore be to slow down the Committee's work.

Mr. KOROED (Ukrainian Soviet Socialist Republic) said that the Committee's work would be even more effective if the Committee also studied the

latest methods and problems of mechanization from the point of view of feasibility and reliability of operation.

In 1957, his delegation had proposed a long-term plan for visits of housing specialists to different countries. The exchange of visits and information organized under the Committee's auspices should be extended.

In conclusion, he gave a brief account of the housing progress in the Ukrainian Soviet Socialist Republic.

Mr. BONNOME (France), speaking as Chairman of the Housing Committee, said that the Committee would bear in mind the points made during the discussion, particularly those concerning the development of technical studies. At its November session it would be starting on a study of the industrialization of building.

Replying to the Belgian representative, he said that the Committee had no intention of collecting statistics on highways, bridges and railways. It would, however, find it necessary to deal with the cost of road-making in connexion with housing sites, which sometimes accounted for a quarter of the total cost of building.

As for the question whether conclusions should be drawn in the report on the financing of housing, there had been a lively debate on that point at the Committee's last session, and the Committee itself would take its decision in due course.

Modular co-ordination had given rise to a certain amount of difficulty owing to divergence of interests. Rapporteurs had been appointed to prepare for an ad hoc meeting on the subject and, with their report before it, the Committee would be able to take a decision in full knowledge of the facts.

With reference to group visits, he reported that a questionnaire prepared by the French delegation was already in existence and had proved a success.

So far as he could see, there was no serious difference of opinion between the members of the Commission and those of the Committee on the latter's activities as a whole. Therefore, subject to the observations on points of detail made during the discussion, the Committee would continue to work on the same lines as hitherto."

ANNEX II

RESOLUTIONS AFFECTING THE WORK OF THE HOUSING COMMITTEE

RESOLUTION I (XIII)

CONCERNING THE IMPLEMENTATION OF RESOLUTION 2 (XII)

The Economic Commission for Europe,

Bearing in mind its resolution 2 (XII),

Having noted the reports on the promotion of economic relations and co-operation among the countries participating in the work of the Commission, submitted at its thirteenth session,

Wishing to be kept informed of the progress made and the results obtained through the implementation of the aforesaid resolution by the competent bodies of the Commission,

Requests the Executive Secretary to submit to its fourteenth session a comprehensive progress report on such activities.

RESOLUTION 2 (XIII)

CONCERNING ECONOMIC, TECHNICAL AND SCIENTIFIC DOCUMENTATION

The Economic Commission for Europe,

Appreciating the importance of enabling countries members of the Commission to be kept regularly informed of the most recent achievements in the various fields covered by the Commission;

Considering that the publication of appropriate documentation would promote better reciprocal knowledge of the level reached by countries participating in the work of ECE;

Invites the Executive Secretary:

- to assess the extent to which existing international bibliographies and selected lists of documentary films meet documentation requirements in the fields coming within the competence of ECE;
- to report to the subsidiary bodies and the fourteenth session of the Commission on any omissions revealed by that assessment and on the best means (including a financial estimate) of remedying them;
- to develop in the meantime the action already taken in this connexion by the Commission's subsidiary bodies in the normal course of their work.

RESOLUTION 3 (XIII)
CONCERNING THE DEVELOPMENT OF CONTACTS
BETWEEN COUNTRIES PARTICIPATING IN THE WORK OF THE COMMISSION

The Economic Commission for Europe,

Recalling the recommendations of its resolutions 1/X/, 4/XI/ and 3/XII concerning the development of contacts between countries participating in the work of the Commission,

Noting with satisfaction the progress achieved so far in this field with the assistance of the Committees and their subsidiary organs,

Noting also with satisfaction that improved facilities have been made available in some countries for tourists and that several countries participating in the work of the Commission concluded bilateral agreements concerning development of relations in various economic fields including industry, trade, agriculture and technology,

Invites the subsidiary organs of the Commission and the Secretariat to continue their efforts for the promotion of contacts, including study tours, between countries participating in the work of the Commission,

Further invites countries participating in the work of the Commission to develop further such contacts and, on a basis of reciprocity, facilities for business visitors and tourists.

RESOLUTION 5 (XIII)
CONCERNING PRODUCTIVITY OF LABOUR

Recognizing the importance of the study of the problem of productivity of labour for raising the standard of living, particularly under conditions of present-day technological development;

Taking note of the work already undertaken in this field by the Committees and other organs of the Commission;

Taking note of the efforts undertaken by national organizations and specialized agencies of the United Nations towards a study of the problem of productivity of labour in Europe,

THE ECONOMIC COMMISSION FOR EUROPE

Invites the Committees and other organs of the Commission to continue to devote their attention to aspects of productivity related to the points included in their respective programmes of work;

Requests the Executive Secretary to:

- (1) Consult as he deems appropriate the specialized agencies of the United Nations and other organizations, national and international, which are already examining problems of productivity of labour in relation to the above points;
- (2) Draw up a list of these organizations, with a view to establishing contact with them;
- (3) Distribute this list to the organizations referred to in paragraph (1) above and to the governments taking part in the work of the Commission, with a view to facilitating co-operation and exchange of information between the above-mentioned organizations;
- (4) Inform the Commission at its fourteenth session of the work undertaken in accordance with the present resolution.

RESOLUTION 9 (XIII)

CONCERNING INTER-REGIONAL CO-OPERATION

The Economic Commission for Europe,

Considering the important role of regional economic commissions in the development of the economy of their respective regions,

Mindful of the importance of close co-operation between regional economic commissions in particular when they are confronted with problems of common concern or of analogous or similar character,

Referring in this connexion to the General Assembly resolution 627/VII on the activities of regional economic commissions and economic development of under-developed countries, as well as to the recent General Assembly resolutions 1155/XII on the proposed Economic Commission for Africa and 1158/XII on the activities of the regional economic commissions,

Expresses the hope that a close co-operation among all regional commissions will enhance the expansion of mutually beneficial commercial and other economic relations between countries participating in their work with the aim to promote - in compliance with the spirit of Article 55 of the UN Charter - "higher standards of living, full employment and conditions of economic and social progress and development",

Invites its subsidiary organs and the Secretariat to continue fully to co-operate, in the spirit of the resolutions mentioned above, in accordance with

established procedures, with the other regional economic commissions, and their organs.

RESOLUTION 13 (XIII)

CONCERNING THE COMMISSION'S PROGRAMME OF WORK FOR 1958/1959

The Economic Commission for Europe,

Having examined the reports of the Committees on their activities, the notes of the Executive Secretary on certain questions, and the programme of work of the Commission for 1958/1959;

Noting that in the course of the thirteenth session a number of points were made by various delegations regarding its programme of work;

Draws the attention of the subsidiary bodies of the Commission to points made as contained in the relevant parts of the records of the thirteenth session;

Invites its subsidiary bodies to consider these points when adjusting their programme of work.

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 4 of the provisional agenda
for the sixteenth session)

THE FINANCING OF HOUSING IN EUROPE

Note by the Secretariat

At its fifteenth session the Housing Committee adopted the following conclusions reached by an ad hoc Working Party which met during the session:

"It was unanimously agreed to recommend to the Committee that it should consider in what should be a brief discussion at its sixteenth session a revised draft of the whole report on financing of housing. Mr. Burroughs wished to record his reluctance to agree to this recommendation, but did so in the interest of unanimity. For the purpose of preparing the revised draft, the Working Party recommended to the Committee that the following steps should be taken:

- (i) governments should be asked to send to the Secretariat as soon as possible and not later than 15 January 1958 written comments on the present text of the report together with certain additional information as specifically requested by the rapporteurs. They should be asked to send eight copies of their communications with a view to facilitating the work of the rapporteurs;
- (ii) a meeting of the rapporteurs should be held about the middle of February to consider the comments received from governments and such revisions of chapters as will have been prepared by that date by the rapporteurs and the Secretariat;

- (iii) subsequent to the meeting, the rapporteurs should be asked to complete their contributions as quickly as possible so that the Secretariat could prepare a revised draft of the whole report for circulation to the Committee in the three languages a full month before the sixteenth session". (E/ECE/HOU/71, paragraph 9).

The revised draft of the report is attached. It has not proved possible to complete this draft as early as the Committee requested, partly because comments from some governments on the earlier draft were not received until well after the date set by the Committee, and partly because both the rapporteurs and the Secretariat have thought it right to make the extensive revisions to and expansion of the text which were necessary for the final published version even if the Committee had not wished to discuss another draft.

It should be noted that the revision of that part of Chapter III which deals with eastern Europe has not been received from the rapporteur at the time of writing and is not therefore included in this draft; it will be incorporated in the final published version.

With a view to preparing the text of the final version for publication as rapidly as possible after the sixteenth session of the Committee, governments are requested to let the Secretariat have their comments in writing, preferably before the sixteenth session, and at the latest by the end of June 1958.

PREFATORY NOTE

In October 1955 the Housing Committee took note of a resolution on the financing of housing adopted at the twentieth session of the Economic and Social Council (E/ECE/HOU/56, paragraph 10). At its next session the Committee, in examining this resolution and taking into account also the extensive work already done or in hand on the subject of housing finance, decided that a comprehensive report should be prepared and that one at least of its sessions in 1957 should be devoted mainly to a discussion of the question. It was decided that the main purpose of the report should be to attempt to set the different elements of financing policy in relation to housing within a suitable over-all framework and to draw conclusions wherever possible. The following rapporteurs were appointed to work with the Secretariat: Mr. Datzkov (Bulgaria), Mr. Salaün (France), Mr. di Lorenzo (Italy), Mr. Seip (Norway), Mr. Andrzejewski (Poland), Mr. Burroughs (United States of America) and Mr. Robert (International Co-operative Alliance).

Subsequently the rapporteurs and the Secretariat have been engaged in preparing the report and in addition have met on a number of occasions. Drafts were discussed at the Committee at its two sessions held in the course of 1957. As already indicated, this report is essentially a culmination of work done on housing finance by the Housing Committee over a period of years. The results of the first phase of this work were embodied in Methods and Techniques of Financing Housing in Europe, which was published early in 1952;⁽¹⁾ this report was primarily descriptive in character, with a number of general conclusions. The next step was a study on rent policy, published in August 1953.⁽²⁾ As was stated there, "one of the main points which emerges from the present enquiry is in fact the interdependence of the different aspects of housing policy and in particular the relation between rent policies, subsidy policies and the size and nature of the housing programme Some of the principal defects of the existing systems of control stem from a failure to look at housing policies as a whole." In the annual surveys of housing relating to 1953, 1954 and 1955 chapters were devoted to specific aspects of housing finance. Thus

(1) (E/ECE/IM/HOU/38), ECE, Geneva, March 1952.

(2) European Rent Policies, ECE, Geneva, August 1953 (E/ECE/170).

a chapter in 1954 on financial techniques brought up to date and increased the country coverage of the first report, and added a brief discussion of taxation policy in relation to public assistance for house construction. In the same year there was also a chapter on financial charges, discussing the division in the long run of expenses for current house construction between the state and municipalities, and those occupying houses.⁽¹⁾ In the following year there was a chapter on some current problems in financing house construction which attempted to evaluate and compare certain aspects of public policy in relation to the financing of, or the provision of financial aid for, house-building.⁽²⁾ In the next year there was a discussion of the private financing of housing.⁽³⁾

Housing policy, and therefore the financing of housing, are intimately related to economic and social policies, which differ widely from country to country. At one end of the scale housing is regarded as a service to be made available at a nominal or extremely low cost; at the other, one of the primary aims of policy is to promote owner-occupation with as little public financial aid as possible. It is evident, therefore, that comparatively few universally applicable conclusions can be drawn on housing finance. The main purpose of the present enquiry is to attempt to put the whole problem in its proper setting to enable countries to examine in detail each other's policies and methods and, while not making specific recommendations, to show the consequence of different techniques and policies.

As in any enquiry of this kind, certain value premises have been taken as a starting point. Thus although there are wide variations between countries, there is a need everywhere for more and better housing. The capital cost of a house is high and therefore housing makes heavy demands on investment resources, which are scarce; there is inevitably competition between housing and directly productive investment, particularly in the countries where there is the greatest need to increase

(1) European Housing Progress and Policies in 1953, ECE, Geneva, August 1954, (E/ECE/189), Sections III and IV.

(2) European Housing Developments and Policies in 1954, ECE, Geneva, August 1955, (E/ECE/209).

(3) European Housing Progress and Policies in 1955, ECE, Geneva, August 1956, (E/ECE/259).

the housing programme. Furthermore, partly as a result of heavy capital costs and partly because of the high real cost of building, the annual cost of a house in relation to average family incomes is also high. Thus there is a need to tap new savings and channel them into house construction. This in turn means that housing has to be financed as efficiently and cheaply as possible. Where public aid is required, as is in varying degrees normally the case throughout Europe, it has to be made to go as far as possible and to be concentrated in the first instance on those in greatest need. Finally, forms of financing have their effect on the cost of building and should be designed to encourage the reduction of building costs. These starting premises would appear to command general assent.

The enquiry falls into two parts, one consisting of analysis and the other of factual country reports drawn up as far as possible in common form. The country reports have formed the principal sources for the enquiry but other sources drawn upon are indicated in footnotes to the text. It will be seen that Part I attempts to set out systematically all the relevant facts and is throughout analytical in character. For the most part, however, it is left to the reader to draw the explicit conclusions which may be applicable to a particular country. Owing to the marked differences between western and eastern Europe, in the main these two groups of countries have been discussed separately. Part II, consisting of the country reports, will appear in the final published version. Part I comprises five chapters. In the first the economic and financial problems of housing are discussed. In the second the basic setting is further developed by a discussion of investment in housing and hence the relative magnitude of the financing problem in different countries. The third chapter examines the sources of capital for housing and the financial institutions concerned with channelling capital into housing. The fourth chapter, which is the heart of the enquiry, discusses public financial aid to all kinds of housing. The fifth and last chapter attempts to highlight the principal policy issues arising. Annex I deals with the financing of co-operative house-building.

The report has been prepared jointly by the group of rapporteurs and the Secretariat on the basis of a division of labour, but the whole group have discussed among themselves the different chapters at successive stages of preparation. Following normal practice, the final text is issued on the sole responsibility of the Secretariat.

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The following symbols have been used throughout:

- .. = figure not available
- = nil or negligible quantity
- * = Secretariat estimate

(1) To be issued separately as HOU/Working Paper No.78/Add.1.

PART I

CHAPTER I

THE UNDERLYING ECONOMIC AND FINANCIAL PROBLEMS

This chapter outlines the underlying general economic and financial problems associated with housing, as an introduction to the whole report. These problems begin with the high capital cost of a dwelling. As is shown in Chapter IV, a modern dwelling costs about four times the average annual income of an adult male worker in Europe today and even more in some less industrialized countries. The result is that few can afford to provide themselves with a dwelling out of current income as is possible with other necessities of life. This high capital cost has shown little change over the years in real terms. The gains made from more efficient building techniques and, in particular, from the application of industrial mass production to many of the component parts of a dwelling have been offset by the better quality of the dwellings required and by rising factor prices. Improved real incomes have also been offset by the cost of this improved quality. In fact, a working-class dwelling in most countries in Europe now costs more in terms of wages than it did at the beginning of the century. For example, in Dublin just before the first world war a working-class dwelling cost the equivalent of 133 weeks' wages of a tradesman; in recent years the cost was equivalent to 145 weeks' wages. Similarly, in Oslo an average working-class dwelling cost the equivalent in 1890 of about 1,000 days' wages and in 1954 between 1,200 and 1,300 days' wages.

The progressive improvement in the dwellings requires has been brought about in response to improved conceptions of what constitutes a minimum suitable dwelling. These conceptions have included structural improvements such as in the size of dwellings. Table 1 shows the increase in the size of the dwellings being erected in a number of countries in recent years as compared with the 'twenties.

Table 1
Changes in Size of Dwellings

Country	Years	Towns	Percentage of dwellings built consisting of:			
			2 or less rooms	3 rooms	4 rooms	5 or more rooms
Austria	1920 to 1929	(Vienna)	69	25	6	-
	1955	(all dwellings)	53	33	9	5
Denmark	1920 to 1929	(all towns)	4	41	36	19
	1955	(all towns)	6	13	39	42
Finland	1920 to 1928	(all towns)	22	37	22	19
	1955	(all towns)	17	25	31	27
Italy	1928/1929	(Milan)	28	34	21	17
	1954	(residential buildings)	20	27	30	23
Norway	1925 to 1929	(26 towns)	9	33	31	27
	1955	(all dwellings)	11	15	45	29
Sweden	1920 to 1928	(all towns)	39	32	14	15
	1956	(all dwellings)	18	31	28	23
<p>Sources: - Pre-war years: Housing Policy in Europe, Studies and Reports, Series G, No. 8, International Labour Office, Geneva, 1930, page 53.</p> <p>- Post-war years: European Housing Progress and Policies in 1955, ECE, Geneva, August 1956 (E/ECE/259) pages 9 and 10, and official information supplied by Governments.</p> <p>Note: A kitchenette has not been counted as a room but a kitchen has.</p>						

Other improvements, probably adding more to capital cost than increases in size, have been introduced, such as reductions in housing density, more open space, a greater profusion of services and more elaborate equipment. These improving and potentially costly conceptions of a modern dwelling have been matched by a progressive social policy which has rightly insisted on the application of similar standards to the housing of all classes of the community. In its origins in the nineteenth century, this social policy was a sanitary one designed to reduce the dangers to public health which arose from low housing standards and the proliferation of overcrowding. It was the reaction of the times to the economic problem presented by the high capital cost of a dwelling. This essentially negative approach has now given way to the positive social policy of trying to ensure that all have the opportunity of obtaining

a dwelling of high minimum modern standard. Even in its negative aspect the social policy of improved minimum standards brought with it for public authorities the obligation to intervene in the financing and supply of dwellings, since the insistence on improved minimum standards was meaningless if the economic problem presented could not be solved without such intervention. While, in itself, the higher real capital cost would not perhaps have necessarily involved public intervention in the financing and supply of dwellings, in most countries a combination of other circumstances, given the high capital cost, have made such a policy inevitable.

In the post-war period, the economic problem of the high capital cost of a dwelling has grown owing to the marked increase in many countries in the quality of post-war dwellings as compared with pre-war. An analysis made in the United Kingdom in 1947 showed that improvements accounted for about 38 per cent of the increase in cost of a typical local authority house as compared with 1938/1939⁽¹⁾. The increases in real cost, however, were by no means solely the result of rising housing standards. Even in countries where building materials prices and building wage rates rose no more than prices and wages generally,⁽²⁾ a decline in productivity increased in real costs in the early post-war period. This was due to several different causes: delays caused by shortages in material and labour, particularly skilled labour; the generally low efficiency of an industry re-organizing itself after a long lay-off; over-demand; and frequently the lower efficiency of the many newly recruited workers. In the United Kingdom, it was estimated in 1947 that lower productivity accounted for about 15 per cent of the increased cost of a post-war house⁽³⁾.

Table 2 shows the course of building costs and prices in the post-war period in selected western European countries. The indices are of building prices, except for the Netherlands and Switzerland where they relate to the actual cost of a dwelling. The fall shown by the latter indices between 1947 and 1950 shows the extent to which improved productivity, following the removal of the early post-war difficulties, reduced the cost of a dwelling. In the long run, however, the actual cost of a dwelling has increased⁽³⁾ owing to the general rise in prices and wages from the Korean war onwards.

(1) "The Cost of House-building", First Report of the Committee of Enquiry appointed by the Minister for Health, HMSO, London, 1948.

(2) The United Kingdom was one such country, at least, in 1947 and 1948. See Marian Bowley: "Housing and the Economic Crisis in Britain", International Labour Review, February 1949, page 145.

(3) Belgium appears to be an exception.

Table 2
Comparison of the Levels of Cost of Living, Building Costs, Rent and Earnings in Selected Countries, 1947, 1950 and 1955
(Index numbers: 1938 = 100)

Country	Cost of living			Building prices and costs			Rent			Hourly earnings in industry		
	1947	1950	1955	1947	1950	1955	1947	1950	1955	1947	1950	1955
Austria	211	465	721	-	550	886	67	124	334	285 ^(a)	422	761
Belgium	293	339	409	350	400	485	169	222	323	352 ^(b)	439 ^(b)	514 ^{(b)(c)}
Denmark	163	176	246	185	220	282	117	128	136	183 ^(d)	216 ^(d)	313 ^(d)
Finland	590	921	1,147	620	1,110	1,575	137	223	697	815 ^(e)	1,518 ^(e)	2,322 ^(e)
France	1,580 ^(a)	2,020	2,665	1,550	1,820	2,730	240	476	1,204	412 ^(f)	926 ^(f)	1,745 ^(f)
Italy	4,575	4,854	6,688	5,380	5,720	7,323	247	730	2,334	8,062 ^(a)	8,561	11,322
Netherlands	199	239	325	400	350	450	100	100	146	194 ^(g)	229 ^(g)	308 ^(g)
Norway	160	167	230	175	180	231	94	95	113	171 ^{(e)(h)}	196 ^{(e)(h)}	290 ^{(e)(h)}
Sweden	147	159	232	150	160	218	107	108	144	175 ^(h)	205 ^(h)	349 ^(h)
Switzerland	158	159	173	195	180	199	103	108	127	193 ^{(e)(i)}	205 ^{(e)(i)}	234 ^{(e)(i)}
United Kingdom	170	191	277	240	270	320*	111	114	132	224 ⁽ⁱ⁾	258 ⁽ⁱ⁾	369 ⁽ⁱ⁾
Western Germany	160 ^(a)	151	175	215	185	239	100	103	122	116	162	230

- Notes and sources: - Indices of cost of living: The indices for 1947 and 1950 are from the Economic Survey of Europe in 1950, ECE, Geneva, 1951, page 198; they include rent; those for 1955 are exclusive of rent and are taken from European Housing Progress and Policies in 1955, ECE, Geneva, August 1956 (E/ECE/259) page 28.
- Indices of building prices and costs: The indices for 1947 and 1950 are from the Economic Bulletin for Europe, Vol. 4, No. 1, ECE, Geneva, April 1952, page 28. Those for 1955 were calculated by linking the series in European Housing Progress and Policies in 1955 (E/ECE/259) page 35 to the series in European Housing Progress and Policies in 1953, ECE, Geneva, August 1954 (E/ECE/189) page 45.
- Indices of rent: The indices for 1947 and 1950 are from the Economic Bulletin for Europe, Vol. 4, No. 1, page 28. Those for 1955 are from European Housing Progress and Policies in 1955 (E/ECE/259) page 28.
- Indices of hourly earnings in industry: Source: National statistics.

- (a) 1948.
 (b) 1936 to 1938 = 100. Wage and rates.
 (c) June 1955.
 (d) Wage and rates.
 (e) 1939 = 100.
 (f) Metal industries, wage rates, men only, 1939 = 100.
 (g) Men only, 1938/1939 = 100; October.
 (h) Men only.
 (i) October.

While the capital cost of a dwelling in monetary terms has increased throughout the post-war period, the real capital cost in relation to wages appears to have decreased in a number of countries. Table 3 shows that the ratio between hourly earnings in industry and the building cost of a dwelling has improved in the three countries for which an index of the cost of a dwelling is available. In other words, in terms of workers' earnings the building cost of a dwelling has fallen in the post-war period. This is due both to rising incomes and some reduction in real building costs through higher productivity. Only in Switzerland, however, do wages appear to have increased more than the building cost of a dwelling compared with pre-war.

Table 3
Indices of the Building Cost of a Dwelling and of
Hourly Earnings in Industry. 1947 and 1955
(1938 = 100)

Country	Cost of a Dwelling		Hourly earnings in industry		Ratio between earnings and dwelling cost	
	1947	1955	1947	1955	1947	1955
Netherlands	400	450	194 ^(a)	308 ^(a)	2.06	1.46
Switzerland	195	199	193 ^(b)	234 ^(b)	1.01	0.85
United Kingdom	327	379	224 ^(c)	369 ^(c)	1.46	1.03

Sources: - Indices of dwelling cost:

Netherlands and Switzerland: 1947 - Economic Bulletin for Europe, Vol. 4, No. 1 ECE, Geneva, April 1952, page 28.

1955 - Official information supplied by the Governments.

United Kingdom: 1947 - Calculated from the figures given in the Cost of House Building op. cit.

1955 - Calculated from the figures given in the Report of the Ministry of Housing and Local Government for the year 1955, HMSO, Cmd. 9876, Appendix I Table H. To the average tender price for that year about 2 per cent has been added to make the final cost.

- Hourly earnings in industry: National statistics.

(a) Men only, 1938/39 = 100, October.

(b) 1939 = 100: October.

(c) October.

An analysis of building costs and wages in Norway⁽¹⁾ shows that, there, also, the relation between wages and building costs⁽²⁾ has been improving. The average cost of a new dwelling with a loan from the State Housing Bank increased from N. kr.29,000 in 1950 to 38,000 in 1956. The cost of a new dwelling of "normal" size of 80 m² gross floor space over the same period increased from N. kr.28,100 to 38,300. During the same period the average income of an adult male worker in industry, calculated on the basis of official statistics of hourly incomes and of a normal number of annual working hours of 2,250, increased from N. kr.7,250 to 11,500. Thus the relation between the cost of a dwelling and annual income was reduced from about 4 to about 3.3 for the average dwelling and from about 3.9 to about 3.3 for a "normal" dwelling. At the same time, however, there was a considerable improvement of the equipment standard and the thermal installation, as well as a considerable shift of house-building from districts with relatively low to districts with relatively high building costs. For a "normal" flat of 80 m² gross floor space in Oslo the relation between building cost and income was reduced from about 5.25 (N. kr.40,000 : 7,600) to about 3.66 (44,300 : 12,100). In this case there was a much more limited improvement in equipment and technical standards. Statistics on pre-war building costs are scarce and a precise comparison with pre-war cannot, therefore, be made. It seems likely that the average cost of a new dwelling immediately before the war showed very nearly the same relationship to the annual income of a fully employed adult male worker as that found by 1956. Owing to considerable unemployment in the 1930s the relationship is now more favourable if the calculation is based on the actual average annual income. Moreover, the average dwelling built in urban districts before the war was much smaller (normally two rooms and a kitchen against the present three rooms and a kitchen and the equipment standard lower.

In Belgium, also, there has been a significant reduction in recent years in the cost of a dwelling erected by the Société Nationale du Logement in terms of wages despite greatly increased provision of bathrooms, central heating and modern kitchen equipment. Between 1950 and 1956, the average cost of a one-family house

(1) Furnished by the State Housing Bank.

(2) All figures of cost cited refer to building costs proper, i.e. without the cost of land and its preparation.

decreased by 1 per cent and that of an apartment by 7.7 per cent⁽¹⁾. During the same period, wages in industry and transport excluding mines increased by about 28 per cent⁽²⁾.

A narrowing of the ratio between the cost of a modern dwelling and average earnings, which has occurred in some countries, is of considerable importance for housing policy. Unfortunately information is not available to show whether there have been similar trends elsewhere; if so, and if these were to continue at about the same rate, the ability of wage-earners to afford new dwellings would increase significantly in the next few decades. It has been shown in Chapter IV that in the United States a dwelling of considerably higher standard than those erected in most European countries costs less than three times the average annual income of its purchasers. Yet, since in the less industrialized countries of Europe a modern dwelling to-day may cost as much as eight times the annual average earnings of a male wage-earner, even a significant narrowing in the ratio would still leave formidable difficulties. Furthermore, in most countries there is still the need to improve the quality of new social dwellings. It is perhaps significant in this connexion that in spite of appreciable differences in quality, the relationship between average industrial earnings and the cost of a dwelling is about the same in a large number of western European countries at varying stages of economic development. It is also significant in the same connexion that three of the four countries for which the information is available and where the quality of the dwelling has improved considerably, the relationship between dwelling-cost and average earnings is no lower than before the war. The importance of land costs may also be noted. In many countries a growing shortage of building land has the effect of inflating costs and offsetting any downward trend in real building costs. Furthermore, wages of building workers tend to increase in about the same ratio as those of workers in manufacturing industries while productivity has increased more slowly in building. As a result wages in building have increased faster than productivity causing higher building costs. This is illustrated by the fact that building costs are higher in the United States than in Europe since the labour usage in the industry is high there also and wages are much higher than in Europe⁽³⁾.

(1) Habiter, Institut National du Logement, Brussels, October 1957.

(2) Bulletin de l'Institut de Recherches Economiques et Sociales, Louvain, 31 October 1957.

(3) Comparative National Products and Price Levels, OEEC, Paris

Advances in building technique and organization offer some prospect of reduced real costs in house-building, yet it seems unlikely that the reduction in real cost which can be expected for some years to come will significantly affect the basic economic problem presented by the high cost of a dwelling in terms of average incomes. In fact it may well be - unless there is some dramatic change in the efficiency of building as a result of industrialization of the industry - that the growth in purchasing power of the average worker in Europe in terms of a dwelling is likely to depend more on rising productivity in other fields leading to higher real earnings than to rising productivity in house-construction which may tend to be offset for some time to come by the provision of higher-quality dwellings.

Given the high capital cost of a dwelling in terms of average wages, dwellings can be provided for the bulk of the population only by means of long-term credit. This, in turn, requires individuals or institutions able and prepared to, to provide the necessary credit. In the nineteenth century the private individual appears to have found from personal sources the bulk of the long-term credit required for housing, usually in the form of rented dwellings. Today in some countries, for example, in eastern Europe, the private individual building dwellings to let has entirely disappeared. In most countries he plays only a minor part. In Switzerland, however, most new dwellings, approximately three-quarters in communes with a population of over 2,000, are still built for letting by private individuals putting in a substantial personal investment. It is estimated that, on average, 25 to 30 per cent of the investment in new dwellings to let has come from the proprietor and that the remaining 70 to 75 per cent has been raised in the private credit market. Switzerland is something of a special case. Rent control is based on a coverage-of-charges principle which has safeguarded the return to house-owners and has not undermined the confidence of investors in dwellings to let; relatively cheap capital has been freely available in the private credit market up to a high proportion of the cost of construction; the scope for private investors in rented dwellings has been widened, on the one hand, by the predominance of apartment buildings as a result of the scarcity of building land and, on the other, because separate ownership of the storeys of a building has been prohibited by law; and intervention in housing by public authorities has been very restrained except after the first world war as well as during, and for a few years after, the second, when there was a grave shortage of dwellings.

In some countries, industrial firms have provided long-term credit for housing their workers and in eastern Europe the funds of nationalized industries have been an important source for the same purpose. But this source of long-term credit, restricted as it usually is to the employees of the firm, offers little solution to the problem of credit for general housing needs.

The personal investment of owner-occupiers as another source of the long-term credit required for housing has varied according to the ability and propensity to save of those undertaking owner-occupation and according to the amount of the capital cost available from other sources. In countries where loan capital up to a high percentage is available the maximum investment by owner-occupiers has been of the order of 20 to 25 per cent of costs, though in Finland and Norway it is frequently more. This would appear to be about the maximum personal investment consistent with a policy of enabling all classes to undertake owner-occupation. In some countries where loan capital is scarce personal investment has formed the major portion of the capital cost. For example, in Italy 52 per cent of capital investment in housing comes from personal sources. The need for such exceptionally high personal investment naturally reduces the ability of persons of average means to acquire a dwelling and depresses housing output below reasonable needs.

The decline of personal investment in housing to proportions of from 20 to 30 per cent at most means that 70 to 80 per cent of the capital - and 100 per cent in the case of public housing - must come from other sources.

In eastern European countries, that part of the capital for housing which does not come from the personal resources of owner-occupiers is supplied in common with all other investment capital, mainly from state and local budgets and the profits of enterprises.⁽¹⁾ In this way the capital for housing is assured both from year to year and over a longer period of time in automatic accordance with whatever choice is made between housing and the other demands on investment resources. Thus the problems of finding the capital for housing in these countries lie more in the allocation of investment capital between the various economic and social demands than in the actual provision of capital since public authorities or enterprises control all investment funds, generally obtained from current revenues.

(1) A full analysis of the various sources is to be found in Chapter III.

Among western European countries, Switzerland is the only one where the capital market has in recent years supplied virtually the entire loan capital for housing directly without intervention by public authorities except to a limited extent in the principal towns. In all other western European countries public authorities intervene either as intermediary agencies or as the primary source of capital for housing. This is because funds in the market are either inadequate relative to investment demand or in a form which does not allow sufficiently long-term credit to housing, or because it is desired to use the available credit to meet specific social objectives. The inadequacy of available investment funds arises partly from the demand side, owing to the higher general investment rate in the post-war period, associated with post-war reconstruction and re-equipment, policies of economic expansion, increased population and technical innovations requiring bigger capital outlay; the volume of the combined gross fixed investment in 1956 in western European countries was 188 per cent of the 1938 volume.⁽¹⁾ On the other hand, the propensity to save has been reduced over much of western Europe by many factors, including policies of social security and full employment, redistribution of incomes and inflation. Inflation has been responsible for a tendency for savings to accumulate in short-term funds or in fixed property, thus reducing the availability of capital for long-term lending.

Particulars of the extent to which individual western European countries supply capital for housing out of public funds are to be found in Chapter III. Such funds have in the first place come from budget surpluses; at one time or another surpluses on revenue account have been, and are still in some cases, used to supply capital for housing in Belgium, Denmark, the Netherlands, Norway, Sweden, the United Kingdom and Western Germany. Countries which have not normally supplied loan capital out of public revenues have often provided from these sources lump-sum grants towards the capital cost. Some countries, notably Austria and Italy, have drawn upon special tax levies. Where public funds for housing are not financed out of revenue, there has been resort to state borrowing, and where this has not been based on genuine savings the danger of inflationary financing has arisen as well as in the long run a further deterrent to personal savings.

(1) Eighth Report of the OEEC, Paris, April 1957, Volume 1, page 100.

With the provision of the capital, the next problem that arises is the relation between the annual costs of a dwelling and average incomes. This can be particularly difficult in western European countries where interest-bearing loan capital is important; the problem can be simply illustrated. As is shown in Chapter IV, a modern social dwelling currently being erected costs on average about four times the annual earnings of a male industrial worker in most western European countries. If the maximum proportion of income that it is socially desirable should be paid in rent is, as is commonly accepted, 20 per cent, the annual charges for a dwelling which costs four times annual income must not exceed 5 per cent of the capital cost. In a number of the less-industrialized countries, a modern dwelling would cost up to eight times the annual income of a male industrial worker. In those countries, the annual charges must not exceed 2.5 per cent of the capital cost if they are to be within the means of an average industrial income. On the other hand, a typical local authority dwelling in the United Kingdom costs perhaps three times the average annual income of a male industrial worker; given that relationship, annual charges could amount to about 7 per cent of capital cost.

These figures show the importance of the relationship between income and the capital cost of a dwelling. They bring out even more the necessity of a stable and moderate rate of interest and a sufficient amortization period on loan capital for housing. If the figure of 5 per cent of capital cost is accepted as the maximum annual charges for a dwelling that an average working-class income can afford to-day in most western European countries, a stable interest rate of at most 3.5 to 4 per cent (the exact figure depending on the length of the amortization period) is necessary. As Table 4 shows, however, in no country was it possible in the middle of 1958 to obtain a first mortgage loan at that rate of interest.⁽¹⁾ Financing of dwelling construction on private credit market terms in most countries would involve annual charges of about 8 per cent and where the interest and amortization rates are particularly high, as much as 12 per cent.⁽²⁾

(1) Table to be added in final version of report.

(2) See Chapter IV.

The foregoing calculations relate only to average industrial earnings. It would be interesting to assess the ability of families throughout the entire income range to afford a modern dwelling at private-market terms as a measure of the need for public financial aid to abate those terms. This would require statistics for family earnings according to income ranges which are not available except to a limited extent for Norway. It is arguable, however, that, although family income is of importance in this connexion, the income of the head of the household is the proper criterion owing to variations in family income over time. This view is also supported by the fact that the main demand for new dwellings comes from newly-weds or those with young children. Where statistics are available for the range of individual incomes, as in the United Kingdom, it is necessary to confine the investigation to incomes which are relevant to the housing market, e.g. to eliminate particularly small incomes. The available statistics for the United Kingdom and Norway are used to give a rough indication of the general position in Europe, particularly in countries where the level of earnings is lower and the capital charges higher than in these two countries.

For both Norway and the United Kingdom, it is assumed that the private credit market terms for the rent of a new dwelling would be at least 8 per cent of capital cost and that at most 20 per cent of income can be spent on rent. In both cases, also, it is assumed that the total cost of the dwelling is borrowed.

The annual rent of a dwelling costing £1,700 in the United Kingdom, the cost of a typical local authority dwelling, would be £136. This would require an income of from £680 upwards. Leaving aside incomes of less than £400, it is estimated that 42 per cent of the remainder were in that range.⁽¹⁾

In Norway, tax-payers are grouped in taxation groups mainly on the basis of the number of persons in the family. Daughters and sons who live with the family but earn sufficient for their own support are normally taxed separately and not counted in the number of persons in the family. Husband and wife are taxed together as one person and generally the limited incomes of daughters and sons,

(1) National Income and Expenditure 1957, HMSO, London, 1957.
It is assumed that incomes are evenly spread in decile groups.
These are individual incomes, except in the case of husband and wife, when the income is combined.

not earning sufficient for their own support, are counted together with that of the parents. In the following comparison Taxation group 1, which consists of single persons, is not included. A comparison is made for the year 1954, which was the last year for which family income statistics are available. The figures relate to urban areas only. The average cost, including land, of a new dwelling granted a loan from the State Housing Bank in urban areas in 1954 was Nor.kr.39,600. Total annual rent, excluding heating, would be some Nor.kr.3,250, i.e., a little over 8 per cent of capital cost. The following figures indicate the percentage of families which could cover such capital costs without spending more than 20 per cent of their income after tax:

<u>Taxation group</u>	<u>Rent (%)</u>
2 (normally 2 persons)	7
3 (normally 3 persons)	9
4 (normally 4 persons)	14
5 (normally 5 persons)	25
Total of taxation groups 2 to 5	10

The position, therefore, in the United Kingdom is that perhaps 60 per cent of individual incomes in the United Kingdom cannot afford the private credit-market terms for a new modest dwelling; there was accordingly intervention by public authorities, through long amortization periods and annual subsidies, to bring new dwellings within the means of the majority of incomes. In Norway the position seems to be less favourable, since on average only 10 per cent of urban family incomes can afford the private market terms for a new dwelling. Both these countries are among the more advanced of European countries and the private credit-market terms of 8 per cent are relatively favourable. In many other countries the level of earnings is lower, the capital charges in the private market are of the order of 12 per cent and the relationship between earnings and the cost of a dwelling is less favourable. The foregoing calculations have been based on the assumption that not more than one-fifth of income is spent on rent. Such a proportion of income is not in practice, devoted to rent. The proportion is affected by the traditional pattern in a given country of the rent/income relationship. It is here that rent control exerts another important influence on the financing of housing.

Rent control by freezing rents at pre-war levels brought about almost everywhere a dramatic reduction, compared with pre-war, in the rent/income relationship. This change is illustrated in Table 5, which compares the proportion of family expenditure devoted to rent in selected western European countries before the war with that in various post-war years.

Table 5
Proportion of Family Expenditure Devoted to Rent
(in percentages)

Country		Pre-war	1947	1950	1953	1955
Austria	1934	7.7	-	3.6	-	4.5 (a)
Belgium	1938	11.0	5.6	7.0	7.8	-
Denmark	1931	15.1	8.8	-	8.1	-
France	1928	8.1	1.3	3.0	3.4 (c)	3.7 (b)
Ireland	1938	8.3	4.8	4.6	6.1	-
Italy	1938	10.0	0.5	1.0-1.5	1.8	-
Netherlands	1938	11.5	6.7	5.5	5.6	7.5 (b)
Norway	1927/28	12.7	7.2	-	7.8	-
Sweden	1938/39	11.2	8.4	8.1	8.2	-
Switzerland	1936/37	18.8	-	13.2	12.2	13.6
United Kingdom	1938	11.3	7.6	7.0	7.4	-
Western Germany	1936	13.1	-	9.2	9.8	9.2

Sources: - The figures for pre-war years and for 1947 and 1950 are from the Economic Bulletin for Europe, Vol. 4, No. 1, ECE, Geneva, April 1952, page 27.

- The figures for 1953 are from European Rent Policies, ECE, Geneva, August 1953 (E/ECE/170) page 17; except in the case of Ireland, where the figure is taken from the International Labour Office Yearbook of Labour Statistics 1956, ILO, Geneva, 1956.

- The figures for 1954 and 1955 are from the International Labour Office Yearbook of Labour Statistics 1956, ILO, Geneva, 1956.

(a) 1954/1955.
(b) 1954.
(c) 1951/1952.

The reduced post-war proportions have set a pattern of rent/income relationship which has had to be reflected in rents charged for post-war dwellings. In addition, this general pattern has also affected the level of incomes; presumably if post-war

rents generally had been higher incomes would also have had to be higher. A further factor determining the level of post-war rents of new houses has been the recognition by many countries in the changed social climate after the war of the fact that pre-war rents had been too high for families with average incomes. The table also illustrates the tendency, with the relaxation of rent control in most countries, for the general level of rents to rise in the post-war period. Table 6 shows the effects of recent rent policies in selected countries in bringing post-war rents increasingly into line with the post-war level of prices.

Table 6
Ratio in Various Years Between Cost-of-living and Rent Indices

Country	1947	1953	1955
Austria	3.06	2.00	2.26
Belgium	1.73	1.58	1.27
Denmark	1.39	1.83	1.81
Finland	4.31	2.38	1.65
France	6.58	2.79	2.21
Italy	18.52	3.67	2.87
Netherlands	1.99	2.48	2.23
Norway	1.70	2.17	2.04
Sweden	1.37	1.68	1.61
Switzerland	1.53	1.42	1.36
United Kingdom	1.53	2.07	2.10
Western Germany	1.61	1.51	1.43
Sources: - 1947: The cost-of-living and rent indices in Table 2. - 1953 and 1955: European Housing Progress and Policies in 1955, ECE, Geneva, August 1956 (E/ECE/259), page 28.			

Rent control and inflation have had the same effect on rents in eastern Europe as in western Europe. In Czechoslovakia, rent before the war accounted for 8.4 per cent of family expenditure; by 1947 the proportion was reduced to 3.3 per cent.⁽¹⁾

(1) Economic Bulletin for Europe, Vol. 4, No. 1, ECE, Geneva, April 1952, page 27.

In Yugoslavia, the corresponding decline was from 26 per cent to 4 per cent in 1949.⁽¹⁾ In the USSR, in 1933 rent for dwelling-space accounted for 10.4 per cent of the income of a wage-earner⁽²⁾; in 1955 the proportion was 1.5 per cent (or 4.2 per cent if services are included). There were similar reductions in the other eastern European countries. In contrast with western European countries, however, rent levels have not been raised in eastern European countries in recent years, except in Yugoslavia, where the rents of pre-war dwellings are now some 150 per cent of the pre-war level.

Public intervention in the financing of housing has, therefore, been required in order to reduce the economic costs of a dwelling to the rent-paying capacity of families, which in itself has been influenced by the general pattern of rents established by rent control.

The disparity between the annual economic costs of a dwelling and average incomes may also be reduced by increasing incomes. Generally, in the post-war period real wages have increased throughout Europe. Table 7 shows for western European countries the increase in real wages between 1953 and 1956.

Table 7
Changes in Money and Real Wages in Manufacturing, 1953 to 1956

Country	Indices for 1956 (1953 = 100)		
	Money wages	Consumer prices	Real wages
Austria	118.9	108.2	109.9
Belgium	110.3	103.2	106.9
Denmark	117.0	112.8	103.7
Finland	120.0	107.7	111.4
France	122.7	102.8	119.4
Ireland	114.9	106.9	107.5
Italy	115.9	110.7	104.7
Netherlands	120.0	107.9	111.2
Norway	120.2	109.3	110.0
Sweden	112.6	109.0	103.3
Switzerland	109.0	103.7	105.1
United Kingdom	124.2	112.4	110.5
Western Germany	119.0	104.6	113.8
Source: International Labour Review, Vol. LXXVI, No. 2, ILO, Geneva, August 1957, page 195.			

(1) European Rent Policies, ECE, Geneva, August 1953 (E/ECE/170), page 51.

(2) International Labour Review, Vol. XXVIII, No. 5, ILO, Geneva, November 1933, page 654.

In addition, earnings in many countries have been increased by the existence of full employment. The extent to which public financial aid is required to reduce the annual economic cost of a dwelling has been affected by these trends. The improvement in real wages has also been regarded in many countries as a reason for relaxing rent control, and this in turn has influenced the amount of public aid made available to reduce the annual economic costs of new dwellings. The movement of real wages emphasizes the importance of a system of public financial aid which can be adjusted to meet the changing ability of tenants and occupiers to afford reasonable charges for their dwellings.

There is yet another aspect of the relation of incomes to the annual economic cost of a dwelling. If for the bulk of the population the latter may be prohibitive, there are in all countries, although in varying proportions, those who can afford to pay the economic cost. This is illustrated by the large output of unaided dwellings in the United Kingdom, where public financial aid is in the main restricted to local-authority dwellings; and perhaps, better still by Belgium and Norway. In these two countries public financial aid is available for all without income limitations; about one-half in Belgium and one-quarter in Norway of total housing output is for those who do not apply for public financial aid, either owing to the cost and size limits on dwellings eligible for such aid or owing to the delay involved in obtaining it. The ability of part of the population in all countries to erect a dwelling without public financial aid raises questions of social priorities. In view of the general limitations imposed by financial and physical resources on total housing output, the erection of unaided housing by the better-off families may mean that the opportunity of those whose housing need is greater to acquire a dwelling is reduced, except in those countries where the general housing situation is such that a suitable dwelling is vacated by those moving to a new one. This is another reason why there is public intervention, to ensure that fair social priorities are observed; the share those in a position to afford housing unaided obtain of total housing output naturally varies with the social and political climate in each country.

There is one other main general consideration which has a major influence on the housing situation, the balance in its economy. Good housing is an essential part of a high standard of living, in turn obtainable on a lasting basis only as the fruit of economic advancement. Given the availability of capital, the dilemma is whether to spend it directly on improving the productivity of industry and

agriculture, with as a result increased incomes from which to purchase a higher standard of living; or on housing and other social amenities. The choice of the second alternative, except where associated with the resettlement of workers directly required for industrial development, has at most an indirect and gradual effect in increasing national purchasing power by improving the health and well-being of the labour force and, as a result, its productivity.⁽¹⁾

In Europe there are vast differences between countries in the degree of economic development and thus in national income per head of population, and in housing standards. Housing investment policy thus cannot be decided simply on the basis of social need itself usually judged by the criterion of the social standards achieved by the more advanced countries. Even in these countries, however, a careful balancing of investment policy between directly productive and social investment is required. Such countries must maintain their existing heavy investment in the productive capital equipment on which their purchasing power depends and can generally make further economic progress only by the development of key and capital-intensive industries. Furthermore, with full employment in most advanced countries increased productivity frequently involves more capital investment per worker in existing industries. For all countries, therefore, the allocation between social and directly productive investment is a critical economic and financial problem. The decision made is bound in practice to be influenced by social and political as well as economic and financial considerations.

In Chapter II the allocation of investment in eastern European countries between social and directly productive outlets is analysed. The preponderance of investment in industry as compared with housing is clearly brought out. In the less industrialized countries, investment in housing has been typically of the order of 10 per cent or less of gross fixed investment during the five years up to 1955. It has been considerably higher in the more industrialized Czechoslovakia and the USSR; 20 per cent in the latter. In recent years, however, investment in housing in eastern European countries has tended to increase with the progress of the drive for industrialization. The centralization of investment decisions has in general meant that in the less industrialized countries housing has had to

(1) For a fuller discussion than is possible here of the role of housing in economic development see E.J. Howenstine: "Appraising the role of Housing in Economic Development", International Labour Review, Vol. LXXV, No. 1, ILO, Geneva, January 1957.

await the development of productive investment. Thus housing output per thousand inhabitants is even in 1956 still relatively low in countries such as Hungary, Poland, Romania and Yugoslavia, and inadequate in relation to needs. The policy followed has been to concentrate investment first on directly productive outlets which in the long run will lay the basis for improving housing standards.

Table 8 shows the division of gross fixed investment during the period 1950 to 1954 in a number of western European countries. Investment in housing has usually accounted for between 20 and 25 per cent of the total. Investment in other sectors shows greater variation, depending on the existing structure and degree of development of the economy. For example, the pattern of investment in Belgium and Denmark is greatly influenced by the relative importance of agriculture and industry in these two countries. Investment in shipping in Norway probably partly accounts for the high proportion of investment devoted to transport and communications. These basic structural differences make valid comparisons between countries difficult but one between Greece and Italy may serve to illustrate the basic economic problem involved. The net national product per capita in these two countries during 1950 to 1954 was the lowest of the countries included in Table 8, and in addition in Greece the investment rate was relatively low. Yet of the countries covered, it devoted the lowest proportion of total investment to increasing productivity in agriculture and industry (25 per cent) and the highest (32 per cent) to housing. In contrast, Italy devoted 40 per cent of its investment to industry and agriculture and only 20 per cent to housing. The basic underlying differences between western European countries and their respective abilities to afford a high standard of housing is illustrated by the net national product per capita shown in Table 8. Since these figures have been converted at official exchange rates they may not always reflect the real purchasing power of the local currency, but they give a general picture of the differences in economic development and in ability to afford a higher standard of living, including better housing.

Table 8
Pattern of Investment in Western European Countries 1950 to 1954

Country	Net national product per capita in US dollars Average 1952 to 1954	Gross fixed investment as percentage of GNP 1950 to 1954	Distribution of gross fixed investment in 1950 to 1954 as percentage of total						
			Agri- culture	Mining, manu- facturing and construction industries	Trade and other services	Transport and communi- cations	Electric- ity, gas- and water-works	Public admini- stration	Dwel- lings
Austria	370	21	13	31	13	10	12	21	
Belgium	800	14	4	38(a)	20	(b)	15	23	
Denmark	750	18	14	25	7	22	9	17	
Finland	670	25	13(c)	26(a)(c)	7(c)	12(c)	(b)	15(c)	27(c)
France	740	17	10(d)	25(d)	6(d)	16(d)	9(a)	11(a)	23(a)
Greece	220	13	9	16	13	16	10	4	32
Italy	310	19	13	27	6	16	8	10	20
Norway	740	29	10	20	7	30	7	8	18
Sweden	950	19	7	23	2	26	9	10	23
United Kingdom	780	13	5	31	10	11	11	10	22
Western Germany	510	20	9	32	8	11	9	6	25

Sources: - Net national product: "Per Capita National Product of Fifty-five countries", United Nations, New York, 1957.

- Investment figures: Economic Survey of Europe in 1955, ECE, Geneva, February 1956 (E/ECE/235), pages 57 to 63.

- (a) Including electricity, gas- and water-works.
(b) Included in "Mining, manufacturing and construction industries".
(c) Years 1951 to 1954.
(d) Years 1952 to 1954.

CHAPTER II

INVESTMENT IN HOUSING

In view of the differences between the countries of eastern Europe and those of western Europe in the nature of the concepts and basic statistical material relating to investment - differences which in general rule out valid comparisons - the analysis of investment in housing in the two groups of countries is made separately.⁽¹⁾

WESTERN EUROPE⁽²⁾

The analysis is based largely on national account figures adjusted to conform to definitions established by the OEEC,⁽³⁾ except where reservations are indicated; sometimes the adjustments have necessitated rather rough estimates.

The starting point for an approximate assessment of investment needs in housing is replacement needs and population increase.⁽⁴⁾ The average annual population increase in western Europe for the period 1956 to 1960 has recently been forecast at 0.72 per cent.⁽⁵⁾ Family formation has latterly been so high that the relative net increase in the number of families has been substantially greater than the relative population increase.⁽⁶⁾ The existing age distribution of the population indicates that a gradual reduction in the number of new marriages up to the beginning of the 1960s is likely. It is probable, however, that the relative increase in new marriages will continue to be higher than the relative increase in population until the end of the 1960s. This

(1) The statistical concepts used are explained in Annex II.

(2) Western Europe is here taken to include the following countries: Austria, Belgium, Denmark, the Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

(3) A Standardized System of National Accounts, OEEC, Paris, 1952.

(4) See European Housing Progress and Policies in 1953, ECE, Geneva, August 1954 (E/ECE/189), pages 14 to 17.

(5) Eighth report of the OEEC - Europe Today and in 1960, Vol.II, Paris, April 1957.

(6) See J. Hajnal: "Age at Marriage and Proportions Married", Population Studies, Cambridge University Press, London, 1953, Vol.VII.

suggests that a calculation of house-building needs on the basis of demographic factors will be higher than one which assumes the maintenance of the number of dwellings per thousand persons of population increment at the present ratio of the housing stock to population. It is estimated that western Europe has at present 260 to 270 dwellings per thousand inhabitants. To maintain this relation with a population increase of 0.72 per cent per annum, 1.9 dwellings per thousand inhabitants would have to be built per annum. This amounts to more than 600,000 dwellings per annum. Taking into account the net increase in the number of married couples, however, 600,000 dwellings is a very low estimate of annual needs and the true figure for the next few years at least may well be of the order of 1 million.

Current replacement needs vary considerably from country to country, partly owing to differences in the age distribution of the housing stock. If annual needs are estimated at 0.67 per cent of the existing housing stock, ⁽¹⁾ 1.75 dwellings per thousand inhabitants as an average for western Europe would be required for current replacement. The number of dwellings demolished each year is considerably less than this figure but the corollary is a steady increase in the degree of obsolescence of the housing stock. Conversions and major repairs may reduce replacement needs but, accepting the figure of US \$1 billion noted below as the apparent value of such work in 1955, expenditure under this head appeared to be equivalent to only some \$200 to 250 per dwelling every twenty years. Thus it seems likely that major repairs and conversions in 1955 were on a rather low scale.

Taking the minimum estimate of current needs, based on demographic factors, together with replacement needs, 3.5 dwellings per thousand inhabitants are required each year, amounting in absolute figures to 1.15 million dwellings per annum. If the higher figure for demographic needs is accepted, the total is approximately 1.5 million. Both these totals, however, neglect other current needs which arise in some countries owing to the influence of such factors as internal migration. No accurate figures are available, however, partly because it is difficult to define precisely housing needs arising from internal migration and partly owing to lack of adequate statistics.

(1) See: European Housing Progress and Policies 1953, ECE, Geneva, August 1954 (E/ECE/189), page 5.

In almost all countries there is at present a housing shortage, both in the market sense and in that housing needs, on the criterion of social aims pursued, are not fully met. Several countries have more or less explicit programmes designed to dispose of the existing shortage within a limited period of years. Calculations have been made recently for seven countries accounting for some two-thirds of the population of western Europe.⁽¹⁾ On the basis of these calculations and making adjustments for more recently available information (particularly for Western Germany and the Netherlands), the total shortage in the seven countries in the mid-1950s was about 8 million dwellings. In the remaining western European countries the probability is that the shortage is relatively greater but no firm calculations have been made. Among this latter group are the southern European countries, except Italy, where the shortage is particularly serious. In the mid-1950s the approximate total shortage for western Europe was probably of the order of 10 million.

If the shortage is to be eliminated within a period of ten years, western Europe would have to build approximately 1 million dwellings a year for this purpose alone. Furthermore, if the shortage is to be eliminated before a period of high family formation sets in, in the mid-1960s, this programme would appear to be essential. Even if the period taken for the elimination of the existing housing shortage is some twenty years, house-building requirements in western Europe would be something of the order of 2 million dwellings for some ten years ahead. A programme designed to eliminate housing shortage within a reasonable time and before a wave of high family formation sets in would be more like 2.5 million. To put the figures of housing needs into perspective it should be noted that the number of dwellings built in western Europe in 1955 was between 1.8 and 1.9 million, rising to 1.9 million in 1956.⁽²⁾

It has recently been estimated⁽³⁾ that the average investment per new dwelling in western Europe in 1955 was between US \$5,000 and 5,500. Thus total investment in new construction of dwellings was between \$9.5 and 10 billion. Another recent estimate

(1) See The European Housing Situation, ECE, Geneva, January 1956 (E/ECE/221).

(2) The Quarterly Bulletin of Housing and Building Statistics for Europe, Vol.V, No.2, ECE, Geneva, October 1956. Adjustment made for incompleteness of figures for Portugal and Turkey.

(3) Bank of International Settlements, 26th Annual Report.

puts investment in housing, including new construction, conversions and major repairs, in 1955 at some \$10.5 billion.⁽¹⁾ It should be noted that these two estimates have been arrived at independently and are not entirely consistent, since it seems likely that the value of conversions and major repairs is more than 10 per cent of new construction. Despite the approximate nature of both these estimates it would seem that total housing investment accounts for some 4.5 per cent of Gross National Product,⁽²⁾ it was rather less than one-quarter of total gross fixed investment and about half of investment in construction. The amount invested in current repairs is difficult to estimate accurately. However, apart from considerations arising from rent policy, it would not seem to be essential to include estimates for current repairs in this enquiry, since the expenses involved do not give rise to particular financing problems.

In general, consumption has increased throughout the post-war period and is now substantially higher than the immediate pre-war level. A further increase in the proportion of disposable incomes devoted to housing can be anticipated in the coming years with the continued rise expected in total incomes. Studies on the income elasticity of demand for housing show widely varying results, from considerably above unity (i.e. housing demand increasing proportionately to incomes) down to nearly zero. The widely varying results obtained from different investigations suggest that the problem cannot be solved satisfactorily in terms of income elasticity but requires a more sociological treatment which would take into account such factors as urban and rural customs, the size of existing dwellings and the splitting up of families.

It has recently been estimated that per capita consumption in western Europe can be expected to increase by some 2.8 per cent of the 1955 level throughout the period 1955 to 1960.⁽³⁾ If housing consumption increases at the same rate it would be necessary to envisage an increase in the real value of the housing stock by the same percentage, either by increasing the number of dwellings and rooms, or by improving quality, or both. It is reasonable to assume that this would involve an annual investment corresponding to roughly 2.8 per cent of the present value of existing

(1) Eighth report of the OEEC - Europe Today and in 1960, Vol.II, Paris, April 1957. Addition made for non-OEEC countries.

(2) Hereinafter referred to as GNP.

(3) Eighth report of the OEEC - Europe Today and in 1960, Vol.II, Paris, April 1957.

housing stock. This value is not known but it seems likely that it is of the same order of magnitude as the GNP, assuming the average value of an existing dwelling to be about half that of a new dwelling. On this assumption investment required to keep pace with the rise in consumption in general would be between 2.5 and 3 per cent of the GNP. This is in fact about as much as current needs arising from demographic factors and replacement needs, on the basis of existing costs per new dwelling. Even if an income elasticity of demand for housing is only about 0.5, the needs arising from increased demand as a result of higher incomes would be quite considerable and in all probability exceed the number of dwellings built in excess of current demographic and replacement needs. This is a further argument for supposing that the current relationship between housing demand and housing supply is likely to remain constant.

It is difficult to arrive at a reasonable estimate of income elasticity of housing demand in western Europe. Comparison between western Europe and the United States, with its higher income level, is however of interest. In relation to incomes the average cost of building a dwelling in the United States is considerably lower than in western Europe: probably about three times the average annual income of an adult male worker compared with about four times in western Europe. This suggests that housing demand expands less than proportionately to consumption in general. However, better equipped dwellings require relatively fewer repairs and a lower rate of replacement of equipment. A higher standard of living also tends to give rise to a higher replacement demand. Finally, in a society with high incomes there is a tendency for a growing proportion of those who are single, widowed or divorced to demand their own dwellings and this in turn tends to increase the total housing demand. National account figures for the United States show that throughout the 1950s investment in new dwellings has accounted for between 4 and 5 per cent of GNP. If an allowance is made for investment in conversions and major repairs, it will be seen that the percentage of GNP accounted for by total housing investment has been well above the western European average. This is partly explained by the higher population increase in the United States, but if an allowance is made for this factor the relation between total housing investment and GNP has been much the same in the two regions. This in turn suggests that the income elasticity of housing demand is fairly close to unity.

The average size and quality of new dwellings being built in western Europe today are such as to give rise to some improvement in housing standards. It is not possible to quantify this factor and thus to estimate the proportion of increased demand for dwellings which is as it were dissipated in this way. It seems probable that it is of considerable importance and that therefore the extent to which the recent level of house-building in western Europe has been sufficient to maintain the relationship between housing demand and supply is more apparent than real.⁽¹⁾ Most housing investment is in the form of new construction. If, as already indicated, the average cost of a dwelling in 1955 can be taken to have been US \$5,500, this represents more than seven times the average national income per capita and probably some four times the average per capita income of a male worker. These figures show that only a limited proportion of the investment funds required to build a house can be expected to be provided by the prospective occupier of average income. It is true that in rural areas many dwellings are built by prospective occupiers without much loan capital, by mobilizing the labour of the family and of neighbours. However, the standard of such dwellings is necessarily lower than those in urban areas. Thus house-building depends heavily on the credit market or on public investment. Moreover, since other sectors of the economy have normally access to investment funds not available to the prospective housing investor, such as business profits which can be re-invested, demand for credit for house-building is, compared with other sectors, relatively greater than the share of house building in total investment.

Investment in housing in different western European countries

Table 1 shows housing investment in most western European countries in relation to a number of economic indicators. The position in the different countries is discussed in the following paragraphs. First, however, average figures for western Europe are set out as a background. The percentage of GNP devoted to housing investment in western Europe in 1955 was about 4.5 per cent. The average gross investment in housing accounted for some 20 to 25 per cent of gross fixed investment and some 40 to 50 per cent of investment in total construction. The average investment rate, i.e. gross fixed investment relative to GNP, was of the order of 20 per cent. Average gross product per person was between US \$700 and 800. The average number of dwellings completed per thousand inhabitants was between 6 and 6.5. The average cost per new

(1) The tendency to an increase in the rent/income relation is disregarded in this connexion.

Table 1
Investment in Housing in Selected Western European Countries, 1955

Country	Gross investment in housing ^(a) as percentage of			Investment rate as percentage of GNP	GNP per inhabitant in US dollars ^(b)	Number of dwellings completed per 1,000 inhabitants
	Gross national product (GNP)	Gross fixed investment	Gross investment in construction and works			
Austria	4.4	18	40	25	550	6.0
Belgium	4.7	28	59	17	1046	4.7
Denmark ^(c)	2.7	16	39	17	934	5.4
Finland	6.7	27	..	25	930	7.9
France	4.6	27	51	17	1103	4.9
Greece	5.0	37	54	14	258	..
Ireland	2.6	19	33	14	512	3.5
Italy	5.2	26	66	20	451	4.6
Netherlands	3.2	14	34	23	714	5.8
Norway	5.0 (d)	17 (d)	28 (d)	29	988	9.5
Portugal	3.1	23	34	13	204	4.2
Sweden	4.7	23	37	20	1197	7.8
Switzerland	5.7	25	42	23	1243	7.7
United Kingdom	3.3	23	46	15	1049	6.5
Western Germany	6.1	26	56	23	781	10.3

Sources: - Number of dwellings: Quarterly Bulletin of Housing and Building Statistics, Vol.IV, No.4, Geneva, May 1957.

- Other items: Statistics of National Product and Expenditure, No.2, OEEC, Paris, 1957.

(a) New construction, conversions and major repairs.

(b) These figures have been obtained by converting GNP in national currency at the official exchange rate. This procedure is open to objection, since the relation between price levels in different countries does not always correspond to the official exchange ratio. A recent study, "Comparative National Products and Price Levels", by Milton Gilbert and Associates, OEEC, Paris, gives a basis for comparison between the United States and a number of western European countries.

(c) National account figures supplied by the Finnish Authorities.

(d) Adjusted figures.

dwelling (converted on the basis of official exchange rates) was rather less than \$5,500.

For the purpose of analysing the situation and prospects in various parts of western Europe most of the countries can conveniently be divided into four groups.

The first group consists of Western Germany, Switzerland, Sweden, the Netherlands, Finland and Norway. In all these countries there is considerable pressure of demand for housing, arising partly from the existing shortage and partly from demographic factors, including internal migration. In most of them demand for housing accommodation is also tending to rise as a result of higher incomes. House-building measured in real terms is above the western European average and in most countries accounts for a larger than average share of GNP. GNP per capita (using the same price weights in all the countries of the group) appears to be above the western European average, with the possible exception of Finland. Yet in most of these countries the housing situation is less satisfactory than in others at approximately the same economic level. Official programmes in these countries are concerned for the most part to maintain house-building at its present level or to expand it slightly. The average investment rate in this group is up to, or beyond, the western European average.

Western Germany shows the highest current rate of completion of dwellings. This should be seen against a background of a difficult housing situation mainly as a result of heavy war losses and of the influx of population from the East. Official policy is to maintain house-building at about its present level for several years.⁽¹⁾ The percentage of GNP devoted to house construction is relatively high although not as high as might have been expected in terms of the number of dwellings completed, owing to the relatively low average cost per dwelling. The low average cost (US \$4,200) is explained partly by the fact that in 1955 dwellings were smaller and also on the whole rather less well equipped than in most of the neighbouring western European countries; and partly by the low general price level compared with exchange rates. Since 1955 the standard of new dwellings has been rising. Although the rate of investment is high, the proportion devoted to housing is not significantly above the western European average. A continuation of house-building at the present level should not therefore present undue difficulty.

(1) Bundesblatt, Bonn, No.1, 1958

In Switzerland the housing situation is relatively good but there remains a considerable pressure of demand. The Federal Authorities, for the first time since 1950, have decided to provide some financial aid to urban house-building. The average cost per dwelling, US \$8,700, is high and this largely accounts for the relatively high proportion of GNP devoted to house-building.

In Sweden during recent years more dwellings have been built per thousand inhabitants than in most other western European countries and a further expansion is intended. Demand for housing remains well above supply and the housing situation is less favourable than in other countries with the same national income level, since dwellings are generally small. Difficulties are now being experienced in financing the high level of house-building without inflationary effects.

In the Netherlands in 1955 the rate of completion of dwellings per thousand inhabitants was below the western European average. Subsequently there has been a substantial increase, which has brought the number of dwellings completed above the western European average, and a further expansion is planned. The percentage of GNP devoted to housing investment is likely to remain below the average, since new dwellings cost less in relation to GNP per inhabitant than in most other western European countries, despite the fact that new dwellings are on the average larger and well equipped. The quantitative housing situation remains difficult and it is not proving easy to raise capital for the expanded programme in the credit market. Thus public financing is of importance.⁽¹⁾

Finland is in a somewhat special position within this group since on the basis of comparable price weights it has a national income per capita lower than the other countries. It should be noted in this connexion that the figure of gross national product per capita in Table 1 is calculated on the basis of the exchange rate before the devaluation of 1957. A better comparison would probably be given on the basis of the new exchange rate, which is 28 per cent lower. In most other respects, however, Finland belongs to this group of countries. It has the highest proportion of gross national product devoted to housing investment of all western European countries for which information is available. The general rate of investment is also high and the proportion of gross fixed investment devoted to housing is well above the western European average. This is partly owing to the relatively large number of dwellings

(1) See Chapter III.

completed per thousand inhabitants and partly to the relatively high cost of a new dwelling in relation to GNP per inhabitant. The housing situation is far from good since dwellings are very small. The explanation lies in the pre-war inheritance, the cessation of house-building during the war and the arrival of migrants from ceded territories, so that the population of the present territory is about one-seventh higher than before the war. There is also a considerable continuing influx of population from the countryside to the towns. The relatively high cost per dwelling, US \$8,000 (on the basis of exchange rates before devaluation), ⁽¹⁾ is partly explained by the high standard of equipment of new dwellings. Accordingly further housing investment is urgently needed but considerable difficulty is being experienced in finding the necessary finance without incurring inflationary effects, despite the fact that charges borne by occupants are already high.

During the years 1952 to 1955 Norway completed some ten dwellings per thousand inhabitants and, together with Western Germany, showed the highest rate in western Europe. Subsequently there has been some reduction and the official programme up to 1961 shows an intended completion rate of rather more than seven dwellings per thousand inhabitants. The proportion of GNP devoted to housing investment is now rather below the western European average, a fact which is largely explained by the relatively low cost of a new dwelling compared with GNP per inhabitant. The general investment rate is the highest in western Europe and the proportion both of total investment and of investment in construction devoted to housing is low. It should be noted in this connexion that Norway specializes in fields where capital investment per person employed is particularly high, e.g. shipping, hydro-electricity, the electro-metallurgical and the electro-chemical industries. However, the housing situation as a whole remains relatively unfavourable and there is a continuing substantial internal movement of population towards the towns. There is therefore a need for a higher level of house-building and this would appear to be economically possible.

The second group of western European countries consists of the United Kingdom, Denmark and Belgium. In all three countries the quantitative housing situation, at least on the basis of rooms per inhabitant, is relatively good and current demographic needs are well below the western European average. In all three, however, there is a

(1) Estimates from figures supplied by the Finnish Authorities.

considerable need for a heavy slum-clearance programme. The number of dwellings built per thousand inhabitants is at, or rather below, the western European average. The general investment rate is well below the western European average; the proportion devoted to housing is relatively high in the United Kingdom and Belgium and low in Denmark. Since the GNP per capita in all these countries is among the highest in western Europe, the amount of real resources devoted to house construction is not particularly small, partly owing to the fact that new dwellings, like those in the existing housing stock, are relatively large. The future level of house-building is accordingly partly dependent on two factors: the extent to which housing demand can be met by splitting up existing dwellings, and the scale of slum-clearance programmes.

In 1955 the United Kingdom devoted a low proportion of GNP to house-building, largely owing to the relatively low cost of a new dwelling US \$5,400, compared with GNP per inhabitant. Since 1955 the rate of house construction has fallen slightly.

Among the western European countries for which information is available, Denmark, after Italy, devotes the largest percentage of GNP to housing. This is partly owing to the relatively small number of dwellings built per thousand inhabitants and partly owing to the relatively low cost per dwelling, US \$5,200, compared with GNP. Although the need for slum-clearance is less pressing in Denmark than in Belgium and the United Kingdom, a Governmental Committee has recently advocated the expansion of house construction for this purpose. Furthermore, an increased supply of houses is also required to achieve a balance in the housing market at present rent levels. Denmark has a relatively low general investment rate and the increase in GNP during recent years has been limited. It seems likely that other claims on investment resources will be given preference over housing in the near future.

In Belgium the percentage of GNP devoted to housing is at about the western European average despite the comparatively modest rate of construction, since the cost per new dwelling is high. Slum-clearance needs are pressing, however, and there is also scope for improving the quality of the existing housing stock. Furthermore, although the population increase is low, the number of households is rising fairly rapidly. For these reasons some further expansion of house building seems likely and appears to be economically feasible.

The third group consists of France and the southern European countries, Portugal, Spain, Italy, Greece and Turkey. Here the housing situations generally are unfavourable from a social point of view and there is also in general a considerable market demand in

excess of supply. Information on some of the countries in this group is incomplete but in general recent levels of house-building have not made possible much improvement in the over-all situation; in fact, in some cases there has been a deterioration. So far as information is available it appears that the general investment rate in 1955 was below, sometimes considerably below, the western European average. The proportion of investment devoted to housing was high in all the countries for which information is available. Since, apart from France, the income level is low and investment is badly needed to promote further industrialization, it will continue to be difficult to meet urgent housing needs and to meet the considerable requirements for slum-clearance. If, in all the countries in the group the average cost per new dwelling is high and in the main more than the western European average, this is partly explained by the fact that in most of these countries a considerable proportion of new dwellings are in the semi-luxury or luxury category.

In France the number of new dwellings completed is well below the western Europe average but since the cost of a new dwelling is quite high, US \$8,800, compared with GNP per inhabitant, the percentage of GNP devoted to housing is close to the western European average. Improvement and replacement of old dwellings and the elimination of a considerable housing shortage make it urgently necessary to increase house-building but this may prove difficult. Housing already accounts for a significant proportion of gross fixed investment and of gross investment in construction and the tendency to inflation also adds to the difficulties.

In Portugal current housing needs are calculated to be between 30,000 to 40,000 annually, while the number of dwellings built has in recent years been under 20,000. The quantitative housing situation is thus worsening.

In Spain it has been estimated⁽¹⁾ that there is a shortage of approximately 1 million dwellings and that current needs between 1958 and 1972 will amount to 1.3 million. Of the period's total housing needs of 2.3 million, 1.8 million are regarded as urgent. This would require a maximum annual output of 155,000, or if urgent needs only were to be met, about 120,000. Housing output therefore of 122,000 in 1956 would appear to be sufficient to meet urgent current needs and to reduce the existing shortage. Gross fixed investment accounted for 16.7 per cent of net domestic product in 1955 (273,426 million pesetas), and housing for 20.9 per cent of gross fixed investment.⁽²⁾

(1) La Vivienda y El Crecimiento Economico, Instituto de Cultura Hispanica, Madrid, 1957

(2) H. Paris Eguilaz: "Factores del Desarrollo Economico Español", Madrid, 1957.

In Italy, in terms of dwellings completed in relation to current needs, of the proportions of GNP and total investment devoted to housing, and of the high cost per dwelling, the housing situation is similar to that of France. The GNP per capita is however much lower, and consequently investment per dwelling compared with GNP is particularly high. There are marked differences between northern and southern Italy, both in the existing housing situation and in incomes. In the North the number of dwellings built per thousand inhabitants is much higher than in the South, where the situation appears to be deteriorating. However, the urgently needed expansion of house-building in the South has to compete with other investment needs of great urgency.

Of the countries in this group for which figures are available, Greece has devoted the highest proportion of investment to house construction. The general investment is low and in some quarters it is considered that there should be a switch from housing to other investment. However, the housing situation of most of the population is particularly bad. Something might be done to maintain the level of house-building at a lower investment cost by cutting down the proportion of luxury dwellings.

In Turkey the housing situation is somewhat similar to that in Greece.

The two remaining countries, Austria and Ireland, hardly form another group but have some characteristics in common. In both, current housing needs arising for demographic reasons are limited. The GNP per inhabitant is low and there is, therefore, need for expansion of productive investment. Austria, however, has a relatively unfavourable housing situation, while in Ireland the major problems of over-crowding and slum dwellings have been largely eliminated.

Austria is near to the average regarding both the percentage of GNP devoted to housing investment and the number of dwellings completed per thousand inhabitants. The cost per dwelling estimated at US \$4,600 is below average, but the GNP is still more so, so that the cost per new dwelling is fairly high compared with national income per inhabitant. In spite of the slow population increase, the annual requirements seem to be higher than the present rate of house-building.⁽¹⁾ The relatively low percentage which housing forms of investment indicates the possibility of some expansion but more directly productive investments may be considered more urgent in view of the relatively low GNP per capita.

(1) See The European Housing Situation, ECE, Geneva, January 1956 (E/ECE/221).

Ireland is the only European country with a stagnant or slightly declining population owing to a tendency for emigration to exceed natural increase. This has made it possible to reduce the proportion of investment devoted to housing as existing shortages are overcome. Investment in housing reached its peak in 1951; the volume of investment in housing was then 30 per cent greater than in 1955 and 3.8 per cent of GNP was invested in housing, a higher proportion than in other countries in 1955. Between 1949 and 1954 investment in housing represented 23 per cent of total gross fixed investment, which was about the western European average in 1955. In 1955 and 1956 the proportion had fallen to between 18 and 19 per cent. The general investment rate is low, but forms of investment other than housing may be given higher priority.

EASTERN EUROPE

It should be stressed at the outset of this section, which relates to investment in housing in the countries of eastern Europe, that the figures given for the extent of housing investment and its share in total investments are not directly comparable with the figures given for western Europe because of the great differences between the respective definitions. In the eastern European countries, for example, the figures relating to housing investment do not - as they do in western Europe - include major repairs. The figures relating to national income are even less comparable, because of the differences in methods of computation and in price structure. Annex II entitled "Notes on national accounts concepts" contains detailed explanations of these.

The development of housing investments and their impact on the national economy

There are substantial differences between the countries of eastern Europe studied here (Bulgaria, Czechoslovakia, Eastern Germany, Poland, Romania, the USSR and Yugoslavia⁽¹⁾), especially in regard to their economic and demographic development, the extent of their housing needs and the volume of construction. It is proposed, however, to concentrate on those factors which have contributed to the establishment of certain common features in the development of housing investment and in the housing situation in these countries. It is also proposed to consider primarily the general

(1) Owing to lack of information it has not been possible to deal with Albania.

problems connected with economic and social structure, and to avoid so far as possible the present-day problems of economic and housing policy, which are inevitably more variable.⁽¹⁾

In all the countries of eastern Europe one of the most striking features is the development of State-directed industrialization. Its rate of progress may vary, but it is proceeding with great intensity. Industrial development, besides being one of the causes of increased housing requirements - a point which will be discussed later - has a considerable bearing on the structure of investment programmes. Public funds available, shown in Table 2, have for the most part been concentrated on industrial investment, particularly since, with a few exceptions, the old industrial foundations were poorly developed and expansion of industrial output had to be based on new building rather than on extension of existing enterprises and modernization of existing plant.

Table 2
Investment in Industry and in Housing, as Percentages of
Gross Fixed Investment

Country	Period	Public investments		Housing: total of public and private investments
		Industry	Housing	
Bulgaria	1951 to 1955	47.3	6.2	11.6
Czechoslovakia		42.9	12.2	
Hungary		44.7	6.7 ^(a)	
Poland		44.8 ^(b)	11.7	
Romania		61.5	4.8	
USSR	1952 to 1956	51.1	15.5	20
Yugoslavia		51.6	7.8	11

(a) Excluding investments in rural housing.

(b) Including investments in the building industry, amounting to approximately 8 per cent.

(1) Except where another source is specifically indicated, the figures embodied in the following sections of this chapter are based on data supplied direct by Governments or on the following official statistical publications:

- Statisticzeskij Godichtschnik na Narodna Republika Bulgaria, 1956, Sofia, 1957
- Statisticka Rocenka Republiky Ceskoslovenske 1957, Prague, 1957
- Rocznik Statystyczny, 1957, Warsaw, 1957
- Annuarul Statistic al RPR, 1957, Bucharest, 1957
- Narodnoye Hoziasstvo SSSR, Moscow, 1956
- Statistički Godišnjak, FNRJ, 1957, Belgrade 1957

In all these countries, as will be seen from Table 3, large sums are being invested simultaneously by the State in general building of a social and urban character, i.e. schools, hospitals, offices and other public buildings, to comply with the requirements and directives of State policy, which attaches great importance to raising the standard of community facilities in towns and residential areas.

Table 3
Public Investment in House-building and in other Public Building

Country	Period	Currency (thousand millions)	Investment in:	
			Housing	Schools, hospitals, public buildings, etc.
Bulgaria	1951 to 1955	leva	1.3	0.9 ^(a)
Czechoslovakia		crowns	11.7	11.7 ^(b)
Hungary		forints	4.6	
Poland		zlotys	23.2 ^(c)	10.3 ^(d)
Romania		lei	2.7	5.4
USSR	1952 to 1956	roubles	101.6	89.7
Yugoslavia		dinars	167.4	169.8

(a) Public investments only, excluding funds contributed by the public from private resources.

(b) Including investments connected with scientific research.

(c) Excluding investments in rural housing.

(d) Social and cultural investments only, excluding other public buildings.

The combined result of these factors is that, though total investment represents a large proportion of the national income, the share of house-building in total investment and in total building is relatively low and that on the other hand investments of a productive type are particularly high; this fact is an outcome of the general economic-policy directives designed to achieve planned industrialization. Such an investment structure affords potential opportunities for intensifying house-building activities.⁽¹⁾

(1) It should also be possible to intensify construction work of a strictly social character (i.e. schools, hospitals, etc.), which is simply one aspect of public (non-industrial) building construction.

On account of the productive type of investment, economic development is likely to promote a general rise in national income and therefore in investments as a whole, and to intensify investments in housing. The fact, moreover, that the present potential of the building industry has been utilized only to a relatively limited extent in the construction of housing facilitates a certain shift in the proportions in favour of housing construction.

The growth of housing investments in the Soviet Union, shown in Table 4, provides a typical example of the policy of industrialization in building which creates a technical and material basis for investments in housing and enables them to be speedily increased.

Table 4
Growth of Investments in Housing Financed from Public Funds
in the USSR from 1929 to 1956(a)

Item	Unit	Mean annual investments in the consecutive five-year plans:					
		I 1929-1932	II 1933-1937	III 1938-1942 ^(b)	IV 1946-1950	V 1951-1955	1956
1. Total investment	thousands of millions of roubles (c)	16.2	29.5	41.5	67.7	130.8	186.2
2. Housing ^(d)	-do- (c)	1.9	3.0	5.3	8.6	20.3	28.6
3. Growth of total investment	%	100.0	182.0	250.0	418.0	807.0	1,149.0
4. Growth of investment in housing	%	100.0	158.0	276.0	453.0	1,068.0	1,505.0
5. Investment in housing as % of total investment (2:1)	%	11.8	10.2	12.7	12.7	15.5	15.4

(a) Items 1 and 5 according to Dastijenia Sovjetskoy Vlasti 3a Sorok liet v cifrah, Moscow, 1957, as reproduced by Wiadomości Statystyczne, Warsaw, 1957.

(b) Period of 3½ years ending on 1 July 1942.

(c) Fixed prices of 1955.

(d) Public funds only, excluding private resources of the public. The total of investments in housing from 1951 to 1955 represented 20 per cent of investments as a whole.

In the countries of eastern Europe a change in the proportions of housing construction and an increase in investments in this sector have likewise been noted in recent years. Similarly, in the Soviet Union the growth of investment derives from the general increase in investment funds and from gradual changes in favour of housing in the proportions. The data given in Table 5 are not fully comparable because some of them relate only to investments from public funds, while others relate to the total of investments in housing, including investments from private resources.

Table 5
Growth of Investments in Housing from 1951 to 1956

Country ^(a)	Investment in housing								
	1956			1951	1952	1953	1954	1955	1956
	Currency	In thousands of millions	In % (1951 = 100)	As percentage of gross fixed investment					
Eastern Germany t	DM	1.011							
Bulgaria t	leva	0.726	192	9.6	9.8	9.3	13.8	14.4	12.4
Czechoslovakia p	crowns	3.229	208	9.1	10.2	11.0	15.4	15.7	14.3
Hungary ^(b) p	forints	1.365	217	4.8	4.3	6.1	9.7	10.3	11.8
Poland ^(b) p	zlotys	7.106	193	10.9	10.6	10.8	11.8	12.9	13.7
Romania p	lei	0.908	363	3.1	3.2	5.0	5.4	6.1	6.1
Yugoslavia t	dinars	60.9	175(c)		6.7	8.4	11.8	13.8	11.6
<p>(a) t - total investment in housing p - public investment in housing.</p> <p>(b) Public investment and investment by individuals from their own resources in urban construction, rural construction not being included.</p> <p>(c) 1952 = 100.</p>									

Table 6 gives data indicating the extent of investments in housing in relation to total investment and to the total volume of building work, and also in relation to the national income. In 1956 the total of investments in housing (from public funds and from the private resources of individuals) amounted to about 18 to 20 per cent of the total of investments in the majority of the countries of eastern Europe (USSR, Czechoslovakia, Poland and probably Hungary). A lower proportion is shown by Bulgaria (14.4 per cent) and Yugoslavia (11.6 per cent). The data given for Romania relate only

to investments in housing effected either directly by the State or through credits granted, to the exclusion of funds invested in building by private individuals, which in this country represent the real source of financing, since in 1955 four-fifths of the housing units handed over to their users were built by private individuals.

Table 6

Annual Investment in Housing as a Percentage of the Investments in Building, of the Gross Fixed Investment and of the National Income (a)

Country	Year	Currency	Investment (in thousands of millions)	Investment in housing as a percentage:		
				of the national income	of gross fixed investment	of building and construction
Eastern Germany	t 1956	DM	1.011			
Bulgaria	t 1955	leva	0.726	3.0	12.4	
Hungary	p 1956	forints	1.365 (b)		11.8	22.6
Poland	t 1956	zlotys	9.200 (b)	3.6	17.7 (b)	29.8
Romania	p 1956	lei	0.908		6.1	
Czechoslovakia	t 1956	crowns			20.3	
USSR	t 1956	roubles			20	32
Yugoslavia	t 1956	dinars	60.900	3.7	11.6	26.7
(a) t - total investment in housing p - public investment in housing. (b) Estimate by the Institute of Housing, Warsaw.						

While the share of housing investment in the total for building and erection work was from 22.6 to 32 per cent, these data are not fully comparable because some of them relate only to nationalized building work and possibly to urban construction. Accordingly, housing construction in fact accounted in some cases for a larger share in building work than is indicated by the figures. As before, all these data relate only to new construction and do not include major repairs. (1)

The share of housing investment represented in the national income of Bulgaria, Poland and Yugoslavia, the three countries from which particulars have been received, varied from 3 to 3.7 per cent. Although the methods used for determining the amount of

(1) In Poland the funds earmarked by the State for major repairs to urban dwelling-houses represented in 1956, in addition, nearly 26 per cent of the public funds invested in new urban construction work.

the national income in most eastern European countries are similar, these data are not always comparable because of the differences in price structure; they are merely intended to serve as a general guide. For the same reasons, and because of the additional difficulty inherent in calculations of this kind as a result of the permanent foreign currency exchange rate, which does not always harmonize with the differences in investment costs between the various countries, no attempt has been made either to convert the different countries' investment funds into funds expressed in a comparable currency unit (such as the rouble) or to add them together.

The distinct increase in housing construction investments is a result of the principles underlying the economic and social policy practised. The tasks which require to be fulfilled in the field of housing will be analysed in the next section of this chapter. The proportions governing the division into investment funds for housing construction and investment funds for other purposes are laid down in the economic plans. The investment plans also lay down the volume of housing construction effected by the State and the construction tasks earmarked for implementation by private individuals using their own resources.

As a result of the liquidation of the private money market, the State is obliged to allocate the burdens of housing finance, either by appropriating thereto budgetary funds supplemented by various forms of local revenue, or by establishing a special fund, as has been done in Yugoslavia. The State plays an important part in housing construction, not only in its financing but also, and more particularly, in the actual building work, in which it operates either through the medium of building organizations especially established for the purpose, or through the local authorities or the various State institutions and enterprises which build houses to accommodate their workers. This tendency has also been encouraged by the need to concentrate housing efforts in industrial centres undergoing rapid development.

There is virtually no private building of houses for letting. The building of housing units by private individuals with their own resources and for their own use benefits by substantial financial and organizational assistance from the State; this assistance also includes such items as the procurement of building sites and the preparation of plans. Other chapters will review the field covered by this assistance, and also the methods by which the extent of such construction work is regulated and its development controlled. The proportional relationship between the volume of construction directly controlled by the State and that carried out by private individuals differs substantially from country to country. In countries in which urban construction has been more intense, the percentage of State-controlled construction has also been higher; whereas in countries in which rural construction is relatively important, i.e. Romania and Yugoslavia, the proportion of building work carried out by individuals using their

private resources is greater. The reason is that in most of the countries of eastern Europe State construction is mainly concentrated in the urban centres and is less prominent in rural areas. Construction work carried out with the aid of private resources has, on the other hand, constituted a higher percentage among the inhabitants of rural areas, although in some countries it has developed to a marked extent among the urban populations also, especially in the larger industrial centres and mining areas of Czechoslovakia, the USSR and - more recently - Poland. This fact is illustrated by Table 7, which shows how construction is divided into State construction and construction by private individuals with and without the State's financial assistance, and also into rural and urban construction.

Table 7

The results of Housing Construction in 1955/1956, the Sources of Finance, and the Apportionment between Urban and Rural Construction

Country	Year	Total housing construction		Construction work done by			Construction	
		Thousands of dwellings	1,000 m ²	The State	Individuals		Urban	Rural
					With financial assistance by the State	Without financial assistance by the State		
Eastern Germany	1956	30.4		57	25	18		
Bulgaria	1955		1757.5 ^(a)	36	20	44	58	42
Czechoslovakia	1955	50.6	1986 ^(b)	70				
Yugoslavia	1956	37.0	1948 ^(c)	39	32	29	46	54
Poland	1955	94.0	4515 ^(c)	69	2	29	66	34
Romania	1955	55.9	1676 ^(b)	20	8	72	37	63
Hungary	1955	31.5		43	32 ^(d)	24	47	53
USSR	1955	1512.0		41	38 ^(d)	21	60	40 ^(e)

Source: Quarterly Bulletin of Housing and Building Statistics for Europe, ECE, Geneva; and information supplied direct by Governments.

(a) Area of all floors of the housing units.

(b) Habitable area: floor area of the principal rooms excepting the kitchen.

(c) Utilizable floor space of housing units.

(d) Including assistance and credits granted to collective farm workers building their own houses, by the collective farm housing construction funds and excluding other State grants made without distinction to all individual builders (land for dividing into building sites, standard plans, and timber-cutting equipment made available free of charge by the State).

(e) Excluding rural construction by the State, which is included under the heading "Urban construction".

New and more energetic measures adopted by the State have in recent years enabled construction financed from private savings to be expanded substantially, as will be seen from Table 8. The following factors, in particular, have been decisive:

- new facilities for saving afforded to the rural population through the increase in incomes, and to the urban population through the increase in real wages;
- substantial increase in State assistance in the form of credits;
- new facilities for the procurement of the materials necessary for this type of construction through a change in the investment structure and the establishment of raw-material reserves;
- efforts to increase raw material reserves by utilizing local materials and the services of small regional enterprises.

In these circumstances some sections of the population are tending to build one-family houses surrounded by a plot of land, or co-operative housing facilities in multi-family blocks.

Table 8
Increase in State and Private House-building, 1951 to 1956

Country	Increase in house-building			
	State	Private ^(a)	State	Private ^(a)
	1951 to 1955 (1951 = 100)		1953 to 1955 (1953 = 100)	
Bulgaria	330	175	174	181
Czechoslovakia	159	174	120	161
Hungary	235	95	148	236
Poland	151	115	112	141
Romania	193	103	105	128 ^(b)
USSR	123	116 ^(b)	108	111 ^(c)
Yugoslavia	212	83	158	74
<p>(a) With or without State assistance.</p> <p>(b) Not including collective farm building. In 1955 the number of houses built in rural areas had increased by about 50 per cent in comparison with 1951.</p> <p>(c) 1956.</p>				

Yugoslavia alone shows a decrease in privately-financed building, the volume of which was relatively substantial in previous years.

At the social level the construction of housing by the State generally results in the institution of a system of low rents, a system under which the allocation of housing is controlled by social-welfare organizations, and a system under which the maximum utilizable floor-space granted to a tenant is regulated according to the size of his family. Regulation is usually less strict in the case of housing built with the aid of private funds. The social effect of this type of housing is more limited, and constant supervision is necessary, especially where State assistance is granted.

The expansion of house-building financed by private savings proceeds parallel to that of State housing construction. It helps to increase the total volume of housing construction by adding to the funds available for this purpose the resources individually accumulated by private citizens. Following a review of housing policy in Poland in 1957, emphasis was placed on the need to increase the financial effort in favour of housing construction by the section of the population in receipt of higher incomes and wages. Attention was also drawn to the fact that the application of the low-rent policy without regard to the amount of an individual tenant's earnings tended to restrain the investment of savings in the construction of housing for personal use. It was recommended that the social objectives of housing policy should be maintained and that the economic incentives to the investment of individual savings in housing should be expanded.

Housing investment requirements and housing investment realized in eastern European countries

The specific characteristics of the group of countries under consideration are revealed by an examination of nearly all the factors which determine housing needs. With regard to new housing requirements, there are some differences in regard to demographic changes and in replacement requirements; but the internal movement of the population is the most important factor.

In most eastern European countries there is a much higher rate of natural growth than in the West. More than anything else this affects size of households, and consequently the size and area of accommodation required. As to the marriage rate, however, which has a much more direct effect on new housing requirements, the difference is much smaller. From 1951 to 1955 the population of the seven countries under consideration increased by an average of 17.5 per thousand per annum, while the average rate for western European countries was 8.5 per thousand: on the other hand in 1955 the marriage rate was 7.2 per thousand in France and Sweden, 7.8 in Belgium,

7.9 in Czechoslovakia, 8.1 in Austria, 8.3 in the Netherlands, 8.4 in Bulgaria, 9.2 in Yugoslavia, 9.5 in Poland, 10.5 in Hungary, and 11.8 in the USSR.⁽¹⁾

The tendency for the former large households to split into smaller ones, which is particularly marked in towns, is intensified by the constant increase in employment in the non-agricultural trades. In rural areas the number of households is more stable, for here the households are tied to the farm, and it should not be forgotten that the rural population still represents a considerable percentage of the total in these countries. These splitting-up tendencies will become more marked in years to come when children born since the war have reached adulthood.

Since industrialization and urbanization began relatively late, the urban housing stock is relatively new and replacement requirements are consequently not great. In rural areas, however, where except in Bulgaria most houses are built of wood, the higher percentage of this type of building makes up to some extent for the smaller amount of housing stock due for replacement owing to age. Since information on dates of construction of houses and their quality is not available for all countries, it is impossible to estimate these requirements.

Internal migration, in conjunction with industrialization which attracts the rural population into the towns, has a great influence on housing requirements. These movements were particularly heavy at the beginning of the last five-year period and, though they have been slowed down slightly since then, they still affect new housing requirements in towns and cities. For estimating these requirements it is essential to make a separate analysis of the situation in each country. In Poland, for example, where the movements have been particularly heavy, the consequent increase in the urban population was estimated at nearly 750,000 for the period 1950 to 1955, i.e. about 60 per cent of the natural growth of the urban population during the same period. The movements were much less marked, for instance, in Czechoslovakia.

In the Western countries minimum new housing requirements have been estimated at 3.5 dwellings per thousand inhabitants for the period 1956 to 1960. This is the number of dwellings that must be built in order to maintain the existing housing level. In eastern Europe, however, it is clear from the foregoing appraisal of the various factors influencing housing needs that new investment requirements have been higher during the last five years and will continue to be higher in coming years, even though

(1) United Nations Demographic Year Book, 1956, and information supplied by Governments.

there has been a certain slowing down in the rate of natural growth and internal migrations are no longer so considerable.⁽¹⁾

Another category of requirements are those arising from the need to make good any quantitative or qualitative shortcomings in the existing housing stock. Nearly all the countries under consideration except Czechoslovakia and Eastern Germany used to form part of territories where housing conditions were very bad. In Poland, where housing conditions were if anything better than those of other countries, such as Yugoslavia or Romania, the average number of persons per room in 1931 was 2.02 in towns and 3.1 in the country. Even in Czechoslovakia, where the situation was better, the number of persons per room in towns was as high as 1.44 in 1930,⁽²⁾ higher than for any other central European country. The level of building activity was low. In this part of Europe, it should be remembered, damage wrought by the war was much more serious, the housing stock in the USSR, Poland and Yugoslavia having suffered the worst.

It was beyond the powers of the countries concerned to make good all these shortcomings at a time when they were faced with the difficult tasks of reconstruction, the transformation of their economic and social structure, and the development of their industry, all of which absorbed a very large proportion of investments, as has already been stated. That is why requirements for improving the existing housing situation are so great.

The most important step is to provide a separate dwelling for each family. This point is taken into account in housing policies, which tend to limit strictly the size of dwellings. The main aim of housing policy is that the State should build the largest possible number of small and medium-sized dwellings. In Poland there has been a considerable increase in the proportion of such dwellings built by the State during the last few years.⁽³⁾ In the Soviet Union, too, a large number of small and medium-sized

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- (1) These problems as they affect Czechoslovakia and Poland have been analysed particularly in the following articles:
- VI. Wynnyczuk: Problémy stanovení objemu bytové výstavby (Problems connected with the formulation of the housing programme) Statistický obzor No.9-1956.
- A. Andrzejewski: Z badań nad sytuacją mieszkaniową w Polsce Ludowej (A study of the housing situation in the People's Republic of Poland), Ekonomista No.3 - 1957.
- (2) Prague 1930: Statistical Year Book, Warsaw, 1939.
- (3) The average size in 1956 was 2.8 rooms; 75.3 per cent of all dwellings had between 2 and 3 rooms: Rocznik Statystyczny (Statistical Yearbook), 1957.

dwellings have been built. Dwellings to be built in the course of the next few years will contain on the average slightly more than three rooms.⁽¹⁾ In Czechoslovakia the average size of dwelling during the period 1954 to 1956 was 39.4 to 39.6 m² of room area.⁽²⁾ In addition, there has been an appreciable and constant improvement in the facilities provided in dwellings in all these countries.

The actual volume of housing built from 1951 to 1955 in the eastern European countries⁽³⁾ has been estimated at an average of 5.5 dwellings per thousand inhabitants per annum. But a major component in this average is the figure for housing in the Soviet Union alone. If this is counted separately, the figure is 6.7 per thousand for the USSR and 2.7 per thousand for all the other countries combined. (In 1956 the over-all average was 6.5 dwellings per 1,000 inhabitants and 8.0 and 2.8 for the USSR and the other countries respectively). A comparison of the volume of housing built with housing requirements makes it clear that the former is inadequate. In most countries it does not even cover current requirements. In the Soviet Union, however, the current rate of housing construction more than covers current requirements.⁽⁴⁾

As will be seen from Table 9, in all eastern European countries a considerable increase in housing investment has been planned for the period 1956 to 1960, an increase in fact of 66 to 116 per cent over the preceding five-year period.

(1) Including kitchen - A. Sharov: Zhilischchnoe Stroitelstvo v Shestoi Pyatiletke. Planovoe Khozyaistvo, No.3, 1957.

(2) Statisticka Rocenka Republiky Ceskoslovenske (Statistical Yearbook of the Czechoslovak Republic), 1957.

(3) With the exception of Bulgaria, in the absence of information enabling the figure for floor space to be converted into number of dwellings.

(4) The same would appear true of Czechoslovakia, where, in 1956 4.8 dwellings per thousand inhabitants were built.

Table 9
Planned Increase in House-building up to 1960

Country	Unit	Housing built, 1951 to 1955	Housing planned, 1956 to 1960	Percentage increase
Eastern Germany	1,000 dwellings		315	
Bulgaria	1,000 m ² of floor space	5,180.1		
Czechoslovakia	1,000 dwellings	198.0	330	67
Hungary	1,000 dwellings	109.9		
Poland	1,000 rooms	694.5 ^(a)	1,200 ^(a)	73
Romania	1,000 m ² of living space	1,511 ^(b)	2,500 ^(b)	66
USSR	1 million m ² of useful floor space	151.7 ^(c)	328 ^(c)	116
Yugoslavia	1,000 dwellings	174.3 ^(d)	340 ^(e)	95
(a) Urban building only. (b) State and co-operative building, and State-aided building. (c) State building and private urban building. (d) 1952 to 1956. (e) 1957 to 1961.				

Provided these figures are attained, it would be possible to meet new annual housing requirements not only in the USSR but in the other countries too, and in addition to bring about an improvement in general housing conditions.

The development of housing is bound up with the considerable planned increase of investment in general, and of investment in housing as a proportion of gross fixed investment. In comparison with the previous five-year periods, it is planned to increase investment of public funds in housing as follows: in Czechoslovakia (1956 to 1960) from 12.4 to 16.4 per cent, in Yugoslavia (1957 to 1961) from 7.8 to 12.3 per cent.⁽¹⁾ Investments in urban housing in Poland are to increase from 11.7 to 16.2 per cent (1956 to 1960). A similar increase is planned for investment of private funds.

(1) Total investment in housing, including private investment, will increase from 10.2 to 15.5 per cent of gross fixed investment.

Housing Investment in each country

Table 10 assembles for purposes of comparison some of the indicators illustrating investment requirements (number of persons per room, rate of natural growth and the marriage rate), present data on house construction by volume, on estimated increases for the next few years and on the share of housing investment in gross fixed investment and in national income. The countries with the largest new housing requirements arising from demographic changes are Poland, the Soviet Union, and next Yugoslavia and Romania. Natural growth is somewhat lower in Czechoslovakia, Hungary and Bulgaria.

The countries whose replacement needs are greatest, in view of the large number of old towns, are Czechoslovakia, Hungary and Poland.⁽¹⁾ It should be added that in these countries, particularly Czechoslovakia, the need for replacement in rural areas is not so great, since rural dwellings are of better quality and form a smaller proportion of the total housing stock. The Soviet Union occupies a special position, since 68 per cent of its urban housing stock has been built since 1926.⁽²⁾

Requirements arising from population movements are determined by the tempo of the industrial development, location of industry and its development trends. There is no doubt that requirements in this category will be heaviest in future years in those countries where agriculture now plays a dominant role in the economy - that is, in Bulgaria, Yugoslavia and Romania.

The countries best placed in regard to existing housing conditions are Czechoslovakia and Hungary, with Yugoslavia in the least favourable position. (No information is available for Romania). In estimating investment requirements, it is essential to compare not only objective standards of housing conditions but also subjective requirements, since it is the latter which largely determine the housing standards and the way in which the needs of the population are met. In housing and the rate of housing development, the Soviet Union occupies a special position, as has already been mentioned earlier. So extensive an increase in house-building is

(1) In Prague 13 per cent of all houses were built before 1880, in other Czech areas 39 per cent, and in Slovakia 32 per cent. In Budapest 17.7 per cent of all houses were built before 1900, and in other towns 46.2 per cent. In Poland about 48 per cent of the urban housing stock dates from before 1918.

(2) The European Housing Situation, ECE, Geneva, January 1956 (E/ECE/221).

Table 10

Housing Requirements and Housing Investment in Selected Eastern European Countries

Country	Housing conditions		Natural growth per 1,000	Marriage rate per 1,000	Rural population as % of total population	Building		Increase in volume of house-building planned for 1956 to 1960 as % of 1950 to 1955 figure (a)	Housing investment as % of:		
	Persons per room	m ² of space per person				Dwellings built per 1,000 inhabitants			National income	Gross fixed investment	Investment in building
	1953 to 1955		1955	1954/1955	1953 to 1956	1951 to 1955	1956		1956	1956	1956
Eastern Germany			4.4	8.7			1.7				
Bulgaria		6.5 ^(b)	11.0	8.4 ^(c)	66.5 ^(d)				3.0	14.4	27.4
Czechoslovakia	1.5	11.9 ^(b)	10.7	7.9	46.7 ^(d)	3.1	4.8 ^(e)	67		20.3	
Hungary	1.5		11.5	10.5	59.7	2.3	3.2 ^(e)			11.8	22.6
Poland	1.9		19.4	9.5	57.0 ^(f)	2.9	3.2	73	3.6	17.7 ^(g)	29.8
Romania			15.9	11.3	76.6 ^(f)	3.0	3.1	66		6.1 ^(g)	
USSR		7.4 ^{(c)(h)}	17.4	11.8	56.6	6.7 ⁽ⁱ⁾	8.0	116		20 ^(e)	32 ^(e)
Yugoslavia	2.3	8.7 ^(c)	15.3	9.2	75	2.0 ⁽ⁱ⁾	2.1	95	3.7	11.6 ^(g)	26.7

Sources: The European Housing Situation, ECE, Geneva, January 1956 (E/ECE/221), Quarterly Bulletin of Housing and Building Statistics for Europe; statistical yearbooks and monographs.

(a) See Table 7.

(b) m² of living space.

(c) m² of useful area.

(d) In communes with up to 2,000 inhabitants.

(e) 1955.

(f) 1953.

(g) Public investment only.

(h) Urban areas.

(i) 1952 to 1956.

made possible by the vast industrial foundation recently established and by its continuing development. The desire for a rapid improvement in the housing situation constitutes a power incentive. The targets originally fixed for the 1956-1960 five-year plan were raised by Government decree in July 1957. In 1960 it is planned to build twenty dwellings per 1,000 inhabitants, compared with eight per 1,000⁽¹⁾ in 1956.

In the other countries, the existing volume of house-building is highest in Czechoslovakia and in Poland, which are also contemplating a considerable development of their housing programmes.⁽²⁾ It should be added that total housing requirements in Poland are much higher than in Czechoslovakia.

It is by no means easy to compare the position of the various countries in regard to housing requirements and development, as discussed above, with the extent of housing investment measured by such factors as funds available and proportion taken up of national income. The difficulty arises from the fact that the data available are not always compiled in the same way and do not include all funds invested in house-building. Figures for some countries, Romania, for example, and perhaps Hungary, only include funds invested in house-building under investment plans and loans granted by the State. For other countries the data are not complete.

(1) A. Sharov: Zhilishchnoe Stroitelstvo v. Shestoi Pyatiletke. Planovoe Khovyaistvo, No.3, 1957.

(2) In 1956 4.8 dwellings per thousand inhabitants were built in Czechoslovakia, and in 1957 4.2 dwellings per thousand inhabitants in Poland.

CHAPTER III

SOURCES OF CAPITAL FOR HOUSING AND THE FINANCIAL INSTITUTIONS CONCERNED

The purpose of this chapter is to indicate the sources of capital for housing, distinguishing first between public and private sources, then breaking down these two main headings into appropriate sub-headings; to compare the situation from country to country; and to describe and discuss the institutions, public and private, concerned with the channelling of capital into housing. The analysis is carried out in two parts, one on western and the other on eastern Europe, since the institutional arrangements differ widely between these two groups of countries. It should be emphasized that in discussing the sources of funds for house construction it is capital funds only which are considered in this chapter.

WESTERN EUROPE

Table 1 shows the sources of capital invested in house construction in 1955 in the western European countries for which information is available.

Table 1

Sources of Capital Invested in New Dwellings in Western European Countries, 1955

Country	Expenditure from:		
	Public funds	Personal funds	Private credit institutions
	as percentage of total capital expenditure		
Belgium	43 ^(a)	48	9
Denmark	55	10	35
Finland	20		80
Greece	5		95
Ireland	75	10	15
Italy	13	52	35
Netherlands	69		31
Norway	50	30-40 ^(b)	10-20
Portugal	3		97
Spain	55		45
Sweden	36	10	54
Switzerland	1	30	69
Turkey	2		98
United Kingdom	56		44
Western Germany	27	24	49

Source: Official information supplied by Governments.

(a) Including investment in housing by the semi-public Caisse Générale d'Epargne et de Retraite (CGER).

(b) Including short-term loans from private credit institutions.

The extent to which there is capital expenditure on housing from public funds depends primarily on how far public bodies construct dwellings, and on the degree to which it is necessary to supplement the supply or improve the terms of private credit in order to bring new dwellings within the means of families of average incomes. Thus in Finland, Greece, Italy, Portugal and Turkey the low proportion of capital expenditure on housing from public funds results in the absence, largely owing to high interest and amortization rates of private credit, of a housing programme providing an adequate supply of new dwellings within the means of families of modest income, without undue and, in many cases, impossible sacrifices. In Switzerland, interest and amortization rates of private credit have been relatively low and, as a result, expenditure from public funds has been limited. The existing supply of new dwellings within the means of poorer families was, however, considered inadequate and Federal aid is being re-introduced as from 1958 to reduce the rents for a maximum of 8,000 dwellings or about 2,000 a year, equivalent to 5 per cent of total annual new dwelling construction in recent years. This aid envisages both the provision of capital and an interest subsidy.

The proportion of capital expenditure from public funds in Denmark, Western Germany and Sweden is indicative of the fact that in these countries public capital funds are used to grant lower-rank mortgages, the private credit market being in a position to supply higher-rank mortgages to a considerable but varying extent. In Western Germany expenditure from public funds, which amounted to 47 per cent of all capital expenditure on housing in 1951, has steadily decreased, while the volume of house-building increased considerably during the same period. The increased participation of private funds is partly due to special tax concessions for private capital invested in housing and partly to the increase in owner-occupation. In Belgium, public capital expenditure on housing includes a large proportion of funds supplied by the semi-public Caisse Générale d'Epargne et de Retraite (CGER), which dominates the credit market.

In Norway, the proportion of public capital expenditure on housing is higher than in the other Scandinavian countries because public loans, where granted, account for the total loan financing of house construction; it is, however, less than in some other countries because the bulk of house construction is for owner-occupation attracting less capital expenditure from public funds than publicly-provided rented dwellings. In the United Kingdom the proportion of public capital expenditure is

due to the provision by public authorities of a large volume of rented dwellings. This is largely true also of Ireland and the Netherlands, where in addition there are free grants to private housing; in Ireland the absence of adequate private credit on reasonable terms has also necessitated the granting of public loans to private constructors. In Spain few houses are built by public bodies for renting, and public capital expenditure consists in the main of interest-free loans to private builders.

The capital funds expended by public authorities on housing are derived from four main sources:

- general tax revenues of the central government and other public authorities
- special taxes
- publicly floated loans
- deposits in public or semi-public credit or savings institutions.

General tax revenues

General tax revenues as a source of capital funds for housing are most common in those countries where the general supply of capital is limited or the funds are used to give free grants or low-interest loans and would prove too expensive if borrowed. Thus in Austria, where capital is relatively scarce, all public capital expenditure on housing includes a contribution from general revenue, the amount varying from year to year. In Belgium, the free grants to owner-occupants are obtained from general State and local-authority revenues; this source accounted for 8.6 per cent of total investment in housing during the years 1945 to 1953.⁽¹⁾ Similarly, in the Netherlands free grants to private housing are derived from general State revenue, amounting to 19 per cent of total capital expenditure on housing in 1955. In Finland, all State loans to housing and investment in housing by municipalities are financed from general tax revenues. In Italy, housing by the State of those left homeless by the war and of slum-dwellers, together accounting for almost half of the total housing provided in 1955 with public financial aid, is financed out of general revenue. In Sweden some portion of public capital expenditure on housing is derived from general State revenue but the exact amount cannot be identified. In the United Kingdom, a proportion of the capital for local-authority housing is derived from the State budget surplus; until recent years the entire capital for local-

(1) Compte-rendu de la CGER, année 1953, Brussels, Table 2, page 154.

authority housing was obtained in this way but since 1956 local authorities have been encouraged to raise as much as possible in the credit and capital markets. In Norway, about 10 per cent of total capital expenditure on new housing in 1955 was in the form of capital subsidies (interest-and amortization-free loans) by the State and the municipalities, which were apparently financed out of general revenues. In Western Germany, 15 per cent of total capital expenditure on new housing in 1955 was from general State, Länder and municipal budgets, the balance of public expenditure being from special taxes or levies.

Special taxes

Special taxes have been introduced in a number of countries where the supply of capital for housing has been particularly scarce.

In Austria employers and wage-earners make a financial contribution to certain public housing funds. The contributions paid to the Federal Fund for House Construction and Property Ownership differ from those paid to the Fund for Housing Reconstruction and the fund set up by a law passed in 1954 for the encouragement of house construction. In the first case the contribution by wage-earners is 0.5 per cent of their general social insurance contribution. Employers pay a contribution proportionate to the number of their employees. The Fund for Housing Reconstruction derives its sources from a surtax of 10 per cent on wages and corporation taxes. The same principle applies to the fund established by the 1954 law, with the difference that the surtax is 5 per cent. Reference may be made here to a special tax imposed on employers in France since 1953, accounting for 1 per cent of wages paid, for the construction of houses. The proceeds of this tax cannot be classed as public expenditure as each employer was given a wide choice in the manner of investing them. In 1955 the total sum invested was Fr. fr. 40 milliards, of which 12 milliards was in direct construction, 8.5 milliards in subscriptions to housing bonds and housing societies, 11 milliards in free grants and 7 milliards in low-interest loans to individuals and societies. A special housing tax on workers' wages is also employed in Greece but the amount appears to vary greatly from year to year; in 1957 it was more than 43 per cent of total public investment in housing. In Italy a special tax, representing 1.2 per cent of total salaries and the proceeds of which are designed to assist house construction, has been in force since 1949. In 1955 it accounted for some 30 per cent of total public funds invested in housing. Although the Central Government, the provinces and communes and public welfare

organizations are exempt from this tax, the Central Government makes a contribution equal to the total proceeds of the tax. Workers pay 0.6 per cent of their salaries. In the Netherlands, where expenditure from public funds is 69 per cent of total capital expenditure on housing, 19 per cent of the latter comes from general State revenue. In Western Germany special taxes play an important part. In 1955, 43.5 per cent of public funds or 12 per cent of total investment in housing was derived from special taxes or levies made for particular purposes. These were primarily contributions made into the Equalization of Burdens Fund (i.e. money collected under a special law from house-owners and other proprietors who did not suffer losses during or immediately after the war), which has been mainly used to rehouse refugees and those claiming compensation for war damage. Under another special law, funds were collected from a levy on the price of coal used to finance miners' housing. Special levies on wages have not been imposed.

Public borrowing

The floating of loans by public bodies is the most important source of funds for public capital expenditure on housing. Such borrowing is associated both with the direct construction of dwellings by public authorities and with the intervention by public bodies as intermediary lending agencies between those constructing houses and the credit or capital market, in order to improve the terms of long-term credit for housing, to maintain an adequate and regular supply of credit or to secure by direct public control satisfactory social and other objectives of housing policy. An important factor in some countries which has led public bodies to intervene as lending agencies for house construction has been the absence of adequate private credit facilities in particular areas, e.g., small towns and in the countryside.

In Belgium the National Housing Society and the Société Nationale de la Petite Propriété Terrienne issue bonds guaranteed by the State. In Ireland, all public capital expenditure on housing is derived from State borrowings. In the Netherlands borrowing by municipalities for their own and housing association construction amounted in 1955 to 50 per cent of total expenditure on housing. Up to 1958, these loans were obtained by municipalities directly from institutional investors and by the issue of bonds on the open market. Owing to the increase in interest rates in 1956 and 1957, municipalities were unable to obtain sufficient long-term loans at a rate not exceeding 4.5 per cent. At the beginning of 1957, the institutional investors contracted by Government intervention a State-guaranteed loan for muni-

municipalities at 4.25 per cent. Furthermore, the municipalities bank issued 6 per cent bonds on the market, the State paying the interest above 4 per cent. Since the beginning of 1958 the Central Government is making available to municipalities the necessary loans for housing at 4 per cent.

In Norway the capital required by the two housing banks is largely procured by the selling of State or State-guaranteed bonds, primarily to private financial institutions. Such borrowing amounted to approximately 38 per cent of total capital expenditure and 75 per cent of total public expenditure on housing in 1955. In Spain public capital funds for housing are almost all obtained by the issue of bonds on the market, principally by the National Institute for Housing. Investment in the bonds of the Institute by industrial or commercial concerns carries a 90 per cent rebate of the profits tax. In Sweden and Denmark, State borrowing is the main source of funds for public capital expenditure on housing. In the United Kingdom, an increasing amount of local-authority capital expenditure on housing is now obtained from loans raised on the private market.

Semi-public credit or savings institutions.

In a number of countries there are semi-public credit or savings institutions which enable governments to raise long-term credit for housing which in other countries has to come from strictly public funds or from the private credit market. Examples of this are the Caisse Générale d'Epargne et de Retraite in Belgium, the Caisse des Dépôts et des Consignations in Italy, the Real Estate Credit Bank in Turkey, the Crédit Foncier and the Caisse des Dépôts in France and the Post Office Savings Banks in Finland and Italy. This source of capital funds for housing is particularly important in France; in 1956 23 per cent of investment in housing consisted of loans from the Crédit Foncier and 11 per cent of loans from the Caisse des Dépôts.

Public financial institutions

The participation of public funds in housing investment has led to the establishment in a number of countries of special institutions to administer these funds. Where this is not the case, the administrative work is normally carried out by the government departments responsible for housing policy.

In the countries which have set up these special institutions, the principal reasons for doing so have been that they can provide specialized services, together with detailed statistical information. The more or less autonomous character of

these organizations has made it possible to resolve specific technical and financial problems which arise and, on the basis of comprehensive data, to develop a long-term policy. A further advantage is considered to be the divorce of these organizations from day-to-day political control so that on the basis of general directives from the Government, they can concentrate on financial and technical problems. In fact, of course, the aims and methods of these organizations are substantially the same as those of the government departments charged with the same task in other countries. The existence or otherwise of such bodies does not depend so much on a question of principle as on the administrative structure and convenience of the country concerned.

The most important of the special public financial institutions are the two State Housing Banks in Norway, the Housing Board (ARAVA) in Finland, the National Housing Institute in Spain, the National Housing Society and the Société Nationale de la Petite Propriété Terrienne in Belgium and the Royal Housing Board in Sweden. Somewhat akin to the functions of these bodies are the functions discharged by local authorities in Ireland and the United Kingdom in giving loans to private house-builders and house-purchasers. Furthermore, in the Netherlands, the municipalities provide the housing associations with the necessary capital. In a number of countries special semi-public bodies have been established which in addition to acting as the recipient for the collection of capital funds for housing engage in direct construction. Examples are INA-Casa in Italy and the HLM organizations in France. Details of the operations of all these bodies can be found in Part II.⁽¹⁾

Personal funds

As can be seen from Table 1, personal investment in house-building is highest, among the countries for which precise figures are available, in Belgium, Italy, Norway and Switzerland. Of the other countries, personal investment is also high in Austria, Finland, Greece, Portugal and Turkey. In Belgium the high proportion of personal investment is due to the fact that the amount of building for owner-occupation is particularly large and that approximately half the dwellings constructed do not qualify for public financial aid since they are too costly and are financed mainly out of personal resources. In Finland, Italy, Greece, Portugal and Turkey, personal investment is high owing to the unfavourable terms on which private credit is available; unaided housing, therefore, is generally beyond the means of families of modest incomes. In Austria, the high proportion of owner-occupation, together with the shortage of private credit and the unfavourable terms on which it can be

(1) To be included in the published version of the report.

raised, gives rise to the need for substantial personal investment. In Switzerland the high proportion of personal investment is mainly due to the major rôle of private investors in providing rented dwellings. In Norway the bulk of output is for owner-occupation, which accounts for the relatively high personal investment.

The proportion of personal investment in Denmark and Sweden is low primarily because 40 to 50 per cent of new dwellings in recent years have been for letting, mainly by semi-public bodies. In addition, loan capital is obtainable up to a higher proportion of cost in Denmark and Sweden than in Norway. In Western Germany the amount of personal investment is of growing importance since there is a steady increase in owner-occupation. The proportion of personal capital is low in the Netherlands and Ireland because approximately 50 per cent of house construction is in the form of publicly-financed rented dwellings and almost all the rest obtains public capital aid.

In most, if not all, countries, personal savings are drawn upon for building by owners wishing to occupy the dwellings themselves, either acting alone or as members of co-operative societies or other legally recognized groups, varying with the country. This method of financing is therefore an important means of drawing on savings, particularly small savings, and even of encouraging their growth. It allows the use of capital on which, generally speaking, no interest or only a very low rate of interest is expected, since the main purpose of the investment is neither economic return or speculative gain, but the acquisition of a house.

The relative importance of this method of financing varies from country to country and is dependent upon a number of factors. The occupier's personal contribution is everywhere an important element in the financing of rural housing, since those living in the country are normally encouraged to become the owners of their dwellings. Moreover, this financial contribution is frequently supplemented by a contribution in kind, particularly labour, and it is difficult in practice to determine the relative proportions of the two types of contribution. So far as urban housing is concerned, on the other hand, the extent of owner-occupancy, and thus the volume of the contribution made by the future owners to investment in housing, varies widely from country to country.

Local habits of the people and the volume of housing requirements are naturally factors of considerable importance. The situation is obviously favourable if circumstances are such that the owner who builds for his own occupation has a good

chance of seeing his investment preserve its value or even appreciate: for instance, if the state of the real-estate market were to encourage the hope that, should he sell his house, he would be able not only to repay the loans contracted, but also to recover his own contribution and even make a profit. A serious housing shortage, however, also sometimes encourages those without a house, or who wish to move to a better house, to invest a large amount of personal capital, even at the risk of not recovering the whole of their outlay should the building have to be sold.

The proportion of the cost contributed by the owner-occupier also varies with his own saving capacity. In most countries, it seems to represent a fairly substantial proportion of the financing of houses built by persons of some social standing, but usually does not exceed 10 to 20 per cent of the cost of those intended for the bulk of the population.

Lastly, the relative importance of this source of financing is conditioned by the general policy of the State in respect of house-ownership. Almost all countries in western Europe encourage house-ownership, admittedly by different means, such as tax relief and facilities for additional loans. This encouragement varies in scale from country to country, depending on the extent to which housing policy favours the provision of aided rented dwellings or makes available further financial aid to owner-occupiers.

The contribution required of a person joining tenants' co-operatives such as exist in certain countries (particularly Belgium, Italy, Switzerland and Western Germany), can be likened to that made by a family wishing to own its own home. Seen from the angle both of investment in building and of the cost of the capital involved, the financial process and the consequences are the same. Although, in the latter case, the occupier who invests part of his savings has no legal title to the property, he has a right of occupation and, on leaving, may also recover all or part of the money he has invested.

Investment by the owner in a building for letting has long been one of the main sources of private financing of housing. This source dwindled in Europe after the first world war and during the second world war it almost dried up. The main reason for this was the general establishment of rent control and the fixing of rents at levels which, despite increases, were sometimes no longer economic or at all events gave a return on new buildings far lower than the rates obtainable elsewhere for investment capital. Even in countries where rents of new buildings were uncontrolled,

the burden represented by the large mass of houses with controlled rents kept capital away from the real-estate market. In recent years, there has been a reaction in countries with more liberal economies and in which there have been progressive increases in, or complete decontrol of, rents.

This type of financing exists for houses constructed without assistance from public authorities, but it is also frequently found in private house-building with public assistance for letting in one form or another, e.g. subsidies, rebates on interest rates and low-interest loans. In either case, however, it rarely covers the total cost, and the balance required is almost always provided by private or public loans. It has once again become a by no means negligible proportion of the private capital invested in housing in most western European countries and a proportion which is quite considerable in, for example, Switzerland, Belgium and, to a lesser degree, the Federal Republic of Germany and Austria. It must be pointed out that, with the passage of time it will be increasingly difficult to distinguish between such capital and the part of the funds contributed by owner-occupiers, some of whom will want to let their dwellings.

One particular form of investment of this type is the purchase of shares in real-estate companies. This seems to meet present-day needs quite well since, with the trend towards the splitting-up of private fortunes, urban housing is showing an increasing tendency to take the form of blocks of flats, which require more capital than in former days. The purchase of real-estate stock, particularly if quoted on the stock exchanges, gives opportunities for mobilizing small amounts of capital that would not be sufficient individually for direct investment by the owner in a building of his own. The scope of this form of investment, however, seems to have been limited, and it would be interesting to ascertain the reasons for this state of affairs, and, perhaps, to rectify it, for in some countries at least this method might well be a useful means of attracting a larger proportion of savings to the construction of dwelling-houses.

This method of private investment to some extent also covers dwellings erected by industry for workers, either directly or through subsidiary companies. Assistance with workers' housing is provided by industries in many countries and takes various forms, such as direct building, contributions to the capital of building companies and loans. Wherever it takes the form, not of a loan, but of direct building or a contribution from the firm's own resources, the investment technique is the same

as that used by private individuals investing their capital in building for letting. But the economic objective, the attraction of labour, or the social aim, better housing for the workers, means that the firms do not seek a profit in such operations, or are satisfied with a small return.

This is, therefore, a particularly inexpensive source of capital, and in nearly all western European countries, governments are promoting its use both through nationalized undertakings and through private enterprise. The scope of this source of financing is thus increasingly wide, although it varies from country to country. Taking a broader view, however, it must be noted that the excessive development of such a method may have drawbacks such as the laying of a by no means negligible additional charge on production; furthermore care must be taken to avoid setting up in this way relation between worker's labour contract and his dwelling.

Direct loans between private individuals are also derived from private saving. No country appears to keep records that would allow any accurate evaluation of loans of this type. In available enquiries this source of financing is generally confused with the direct capital investment of owners in their own buildings, owing to the impossibility in practice of making any distinction between the two. The loans are of very different kinds, and whilst their widely varying rates of interest may be low when a friend or a member of the family has to be helped, they can be exorbitantly high when it is a matter of getting additional finance which the owner has failed to raise with local credit bodies. Generally speaking, the period of such loans does not exceed fifteen years. In certain countries, special agencies or lawyers bring borrowers and lenders together, which creates a kind of market tending to standardize borrowing procedure and rates of interest, and to facilitate the development of this method of investing savings.

Among such direct loans, those granted by industry to employees as aid in the solution of their housing problems occupy a special place. This accommodation takes the form of either a relatively short-term advance of wages or a long-term loan under a special contract, with or without guarantee. In view of their social purpose, they generally bear a low rate of interest or sometimes none at all. In certain cases, the loan is not granted by the undertakings themselves, but by an external body, perhaps set up by the undertakings, to which they supply the funds; this body not only concludes the contracts but also collects interest and capital repayments. The development of such loans has naturally been greatest in those

countries where industry has invested capital in the building of dwellings, either to meet its own requirements or owing to a legal obligation to do so.

Investment by private credit institutions

In those countries for which particulars are available, the proportion of housing capital expenditure derived directly from private credit institutions is highest in Switzerland, Sweden, and Western Germany, relatively high in Denmark and Italy and low in Belgium, Ireland and Norway, as can be seen from Table 1. In Belgium, the role of private credit institutions is reduced by the fact that the credit market is dominated by the semi-public Caisse d'Epargne et de Retraite, and in Norway the policy has been followed of channelling the lending resources of the private credit institutions, which are considerable, through the two public housing banks. In Ireland, the low proportion of funds emanating from the private credit institutions is indicative of the relatively limited lending resources of these institutions. In the Netherlands, where the direct role of private credit institutions is also probably low, the lending resources of these institutions have to a large extent been channeled into housing through the borrowing operations of municipalities. In Finland, Greece, Portugal and Turkey the direct role of private credit institutions is probably fairly high owing to the limited availability of public funds in these countries. In the United Kingdom, the volume of local-authority building reduces the direct role of the private credit institutions but the resources of these institutions are considerable and much of their lending is on old dwellings.

Disregarding short- and medium-term loans to facilitate the purchase of land or advances during the period of construction, housing loans from private credit institutions usually run for five years at least, though rarely longer than twenty-five years. In certain countries some of these loans benefit from tax reliefs or enjoy special advantages, which generally take the form of a guarantee by public authorities for the payment of interest or repayment of capital. In the latter case, the period of the loans sometimes exceeds twenty-five years. The loans are almost always accompanied by a first or, less frequently, a second mortgage.

There is great diversity among the institutions granting such loans and their scope varies widely from country to country. They may be classified, perhaps in over-simplified terms, in the following categories:

- loans granted directly or indirectly by savings banks
- loans by building societies

- loans by insurance companies
- loans by banks and building loan societies.

Loans granted directly or indirectly by savings banks are a method, sometimes an important method, of financing in many countries. Such loans are derived from deposits and payable on demand or at short term; they are invested on long term and usually amortized in fixed yearly amounts over a period which is frequently twenty-five years and sometimes even longer.

Such a method raises the problem of the proportion of deposits repayable at sight or at short-term that can be safely used for long-term investment without undue risk to the lending establishment through with-drawals. Similarly, the ratio of building loans granted by savings banks to their over-all investment raises the question of spreading the investment risk, a well-known problem in banking. No doubt savings banks' deposits are usually regarded as having greater stability than ordinary bank accounts, and in most countries savings banks enjoy the benefit of special legislation which, either by saving clauses, a state guarantee or some other method, enables them to curb excessive withdrawals. Nevertheless, the long experience of most European countries, which have passed through serious crises, goes to show that a large proportion, probably more than half, of savings banks' deposits can be invested in long-term building loans without giving rise to any particular difficulty. This form of financing has the advantage of using capital with a rate of interest - that on deposits - almost the same as the short-term rate and therefore lower than that obtainable in the long-term money market.

Building loans granted by savings banks are common in most countries; in some, they are granted through the intermediary of a central public institution.⁽¹⁾ Generally speaking, they favour certain private contractors such as building companies providing low rent dwellings and often receive benefits granted by the public authorities, depending on the particular method followed in each country.

In other countries where regular savings banks grant first-mortgage loans to housebuilding, there are in addition builders' savings banks, (such as the *Caisses d'épargne foncière* or *Bausparkasen*), whose business, like that of life assurance companies, is to receive savings depositors' money for a definite purpose, namely

(1) These loans should be considered together with those granted in some countries (e.g. Finland) by the Post Office Savings Bank, a public body.

the provision of houses. These banks grant medium-term low-ranking loans, in particular if the houses are destined for owner-occupation.

Loans by building societies are similar to loans by savings banks, of which they are simply a variant. The principle of the building society is as follows: if ten persons, saving each year the sum required to enable each one of them at the end of ten years to build his own house, pool their savings, one among them will be able to build at the end of the first year, another at the end of the second year, and so on. If the society thus set up accepts new members, the period at the end of which the last of the original members can draw the capital required for his house will be shortened. Experience has shown that certain precautions are necessary to enable the society to meet its commitments with a changing number of members and without running into difficulties in the case of unusually high withdrawals.

Building societies have been in existence in the United Kingdom for a hundred years and are now widespread. Deposits are now accepted from those with no intention of building; the societies are, in fact, private savings banks specializing in housing loans. The prominence they have achieved among United Kingdom financial institutions is largely due to the fact that originally there were hardly any other forms of savings bank. They have long been and remain one of the main instruments for the financing of housing in the United Kingdom. There are building societies in other countries of Europe, particularly the Federal Republic of Germany, although not of the same scope, and with specific differences in their rules.

In all European countries, long-term housing loans, guaranteed by mortgage, have long played an important role in the investment of insurance companies' reserves. The post-war difficulties which acted as a deterrent to investment in real estate in almost all European countries naturally resulted in a reduction in such investments; in countries which experienced severe inflation these investments almost reached vanishing point. With the gradual restoration of economic stability in most countries and the development of housing policies there was a reversal of this trend. Unfortunately, sufficiently detailed material is not available for an assessment to be made of the relative importance of this source of capital in different countries. It is apparently an important role in several western European countries, such as the Federal Republic of Germany, Sweden and, to some extent, Switzerland. One comment is called for. Insurance companies' housing investments may not always take the form of direct loans to the owner-builder; a more general

method is the purchase of bonds or debentures issued by land banks or building-loan societies. Insurance companies' funds are thus made available to builders largely through the intermediary of another financial establishment.

In most countries, the banks themselves, or some of them at least, contribute to the financing of housing. But here a distinction must be drawn between the ordinary banks, a proportion of whose investments is made up of building loans, and those establishments specializing in property loans. The specialized establishments seem to be by far the most significant. They exist in most western European countries under various names, (e.g. real-estate credit or mortgage societies, land banks and credit associations).⁽¹⁾ It must be pointed out here again that institutions whose modes of operation are reasonably comparable may, depending on the country, have a purely private or semi-public status, or may even be state institutions.⁽²⁾ Some receive specific assistance from the public authorities or the general state budget, but there is no relationship between the more or less private, or public, status of these institutions and the extent of such assistance, which depends much more on the general lines of state housing policy. Generally speaking, the specialized institutions obtain their funds from public issues of bonds or debentures; contributions are also made from such other sources as public funds and deposits.

The first and second mortgage credit associations in Denmark, Norway and Sweden are of particular interest. These associations are of most importance in Denmark, where they supply up to 25 per cent of capital for new housebuilding and where they are organized on the basis of the joint liability of the mortgagers, whose immovable property is the security for the mortgage loans. The mortgagers constitute the membership of these associations and conduct the associations on a co-operative basis. The main purpose is to act as intermediaries between the mortgagers and mortgagees. Operations are conducted by issuing bonds in amounts equal to the loans

(1) A brief analysis of their methods of operation in various countries has already been made in Chapter V of Methods and Techniques of Financing in Europe, ECE, Geneva, March 1952 (E/ECE/IM/HOU/38). These methods do not seem to have undergone any considerable change since then.

(2) As in the eastern European countries, where banks have been nationalized.

granted. As the loans are repaid, the value of the outstanding bonds must be correspondingly reduced. The bonds are mainly taken up by savings banks and insurance companies. The interest collected on loans is the same as that paid on bonds. Administrative expenses are covered by annual contributions levied on members and by any differences there may be between the rates of interest on the various bond issued. Although none of these associations have ever operated at a loss, their articles of association provide for this possibility by prescribing that any losses must, in accordance with the principle of joint liability, be borne by the members on a pro rata basis through special contributions. The joint liability amounts in the case of each mortgager to two-thirds of the value of the mortgage in first-mortgage associations and to the total value of the mortgage in second-mortgage associations. When the bond market has been insufficient to absorb the issues, loans have been rediscounted by the National Bank. Loans by credit associations are not in cash but bonds; in practice the bonds are placed by the associations with savings banks and insurance companies. The credit associations are authorized by law to lend up to 75 per cent of the assessed value of a property as determined from its capitalized rental value, but in practice the amount lent to-day does not exceed 35 per cent, owing to the high cost of labour in the construction industry. The second-mortgage associations sometimes lend an additional 15 per cent, which brings the loan up to 50 per cent of the value of the property, including the land. Only in exceptional cases do the credit associations make the proceeds of loans available while construction is actually in progress. As a general rule, the loans are granted only when a dwelling has been completed. Loans granted while construction is in progress are paid out in instalments as the work proceeds. The loan periods for first mortgages are from thirty to sixty years and for second mortgages twenty to fifty years. The loans are offered at various rates of interest, depending on the amount borrowed⁽¹⁾. In Sweden the corresponding associations may be classed as semi-public since there is some public intervention in the appointment of their boards and in other matters. Their relative importance

(1) The foregoing description of the Danish credit association has been taken from the United Nations Report No. TAA/LAT/6 on housing through non-profit organizations which contains a full description of these associations.

is more limited than in Denmark. They usually grant loans for about forty years except recently when the situation on the credit market has made it difficult to issue bonds with such a long amortization period. The Norwegian associations are organized more like the Danish but are of much less importance than in the other two Scandinavian countries.

In most countries long-term building loans are not as a rule granted by ordinary banks. On the other hand, such loans often play an important part in certain countries such as Switzerland and the Federal Republic of Germany in the granting of short- and medium-term credits for the purchase of land or existing buildings or during the period of construction; such advances are often on current account. In other countries, interim credits for building purposes are granted by special institutions.

Disregarding the intermediary bodies which frequently act as collectors, private long-term investments in housing may therefore be divided into three groups according to the actual way in which investment is made by the public:

(i) Savings which the public itself invests on a long-term basis. To this category belongs capital investment by the owner himself (plus purchase of stock in real-estate companies); loans between private individuals; and purchase of long-term bonds or debentures issued by finance establishments against housing loans granted by them. The growth of this category of investment is encouraged where the investor can easily recover the money, sometimes with profit, whenever he needs it. This possibility depends, according to circumstances, on the ease with which real-estate transactions can be conducted, on the organization of the real-estate securities market and on the nature of the securities.

(ii) Savings deposited by the public on a short-term basis with bodies which use such funds, or at least part of them, for long-term loans. To this category belong building loans granted by savings banks and building societies; and loans by certain banking establishments, partly against deposit or current accounts. Experience shows that this class of investment has developed without real risk, provided that certain precautions are observed.

(iii) Savings made by the public in the form of annual insurance premiums of all kinds. To this category belong building investments made by insurance companies out of their reserves.

The relative importance of these three sources of financing varies from country to country. It depends, naturally, on the savings system of the country concerned; in some, for instance, insurance is widely developed; in others less so. It is influenced, too, by tradition and outlook; in this respect, certain systems, which are quite common in some countries and which experience has shown to be successful, are regarded with suspicion elsewhere, and are strictly controlled or sometimes even prohibited.

CHAPTER IV

PUBLIC FINANCIAL AID

In this chapter the extent and methods of public financial aid to housing in Europe are compared and analysed. The factual position in regard to public financial aid in each country is set out in detail in the country monographs⁽¹⁾. In view of the important differences between the two areas in public financial aid to housing, the positions in western and eastern Europe are considered separately. There are, for example, differences in the agencies providing dwellings, in methods of capital financing, in the rent system and in the forms of aid to private construction. It should be expressly noted that valid comparisons between western and eastern Europe of the cost of a dwelling and of the relationship between cost and average individual earnings or national income per head are impossible owing to differences in pricing methods, in national accounts systems⁽²⁾ and, in view of such factors as the extremely low rents in eastern Europe, the level of earnings.

In the first part of the chapter, on western Europe, the discussion falls into three parts. The first deals with the comparative size and cost of social dwellings, the extent and financial importance of public aid in its various forms, the types of dwellings erected with such aid and the providing agencies; the second with the social results in practice of public financial aid; and the third with the methods by which public financial aid are given are analysed on a comparative basis.

For eastern European countries, state housing and housing undertaken by individuals or co-operatives are examined separately. The importance of state housing, the comparative cost and size of state dwellings, rents, the maintenance and allocation of dwellings and the building agencies are the main aspects of state housing construction analysed. The importance of private housing, its location, the types of persons undertaking it and the methods by which the state assists it are the main aspects of private housing considered.

WESTERN EUROPE

As an introduction to the examination of public financial aid in western Europe, Table 1 shows the size and cost of a social dwelling in terms of average earnings and the GNP per capita. The comparison with earnings serves to indicate the extent to which public financial aid is necessary and the comparison with GNP per capita gives an indication of the varying economic effort required in these countries to undertake an adequate programme of modern housing.

(1) To be published in the final version of the report.

(2) See Annex II.

The type of dwelling used as the basis of comparison is, in general, a modern fully-serviced urban dwelling of the minimum standard considered desirable or necessary in each country. The particulars relate either to an "average" or to a "typical" dwelling. For Greece, Portugal, Spain and Turkey particulars are given of the two kinds of dwellings. The first is a minimal dwelling being provided to a certain extent in these countries at present. The second is a dwelling which would be more comparable with the type of social dwelling normally erected in the other countries. The distinction between social and better-type dwellings does not apply in some countries, e.g. in Scandinavia. In countries where this distinction applies the average cost of all dwellings is likely to be higher. In making comparisons between this table and the figures for the average cost of a dwelling shown in Chapter II, this distinction should be borne in mind.

The standard chosen for earnings is generally the average earnings of a male worker in manufacturing industry, but there are some variations from this standard which are explained in the notes to the table. In general, earnings are net, free of social insurance contributions and do not include family allowances or other such income not directly related to work performed.

Generally the cost of the dwelling is on average about four times the annual earnings of a male industrial worker. Higher earnings appear to be offset by higher equipment standards. Exceptions to this average are Greece, Portugal, Spain and Turkey where, while the minimal dwelling may be less than four times annual average industrial earnings, the cost of the better-class dwelling is relative to earnings twice, and in Turkey four times, that in the other countries. In the less industrialized countries, however, such as Greece, Ireland, southern Italy, Portugal, Spain, Turkey, the comparison with the earnings of fully employed industrial workers is apt to be misleading. The relatively small amount of well-paid industrial employment as well as appreciable unemployment or underemployment in these countries widen still more the gap between the earnings of an average worker and the cost of a modern dwelling. In addition, an important influence on the relation between the cost of a dwelling and average earnings of the family is the extent to which there is more than one member in a position to earn a high industrial wage. The position in this respect is likely to be better in the more industrialized countries with full employment

Sources:

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- Earnings: Based on monthly earnings of male workers in manufacturing industry: Monate Berichte des Oesterreichischen Institutes für Wirtschaftsforschung, Beilage No.50, Vienna, November 1957
- Belgium: - Size of dwellings:) Official information supplied by the Government.
- Cost of dwellings:)
- Earnings: Calculated from daily earnings of male workers in manufacturing industry, Year Book of Labour Statistics 1957, ILO, Geneva, 1957
- Denmark: - Cost of dwellings: Official information supplied by the Government.
- Earnings: Hourly earnings of male workers in manufacturing industry x 2,300, Year Book of Labour Statistics 1957, ILO, Geneva, 1957.
- Finland: - Size and cost of dwellings: Bank of Finland Monthly Bulletin No.6, Helsinki, 1957.
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- France: - Size of dwellings: Official information supplied by the Government.
- Cost of dwellings: Secretariat estimate.
- Earnings: Average annual earnings of male workers in private industry, Etudes Statistiques No.2, Paris, April/June 1957
- Greece: - Size and cost of dwellings: Report of ERO/EPA Housing Mission to Greece, Housing Committee of ERO/ICFTU, Amsterdam-Brussels, November 1957.
- Earnings: Average income of large percentage of working population, Report of ERO/EPA Housing Mission to Greece, Housing Committee of ERO/ICFTU, Amsterdam-Brussels, November 1957.
- Ireland: - Size and cost of dwellings: Official information supplied by the Government
- Earnings: Calculated from average weekly earnings of male workers in manufacturing industry, Year Book of Labour Statistics 1957, ILO, Geneva, 1957.
- Italy: - Size and cost of dwellings: Official information supplied by the Government.
- Earnings: Monthly earnings all workers x 12: General Report on the Economic Situation in Italy in 1955, Rome, 1956.
- Netherlands: - Size of dwellings: Jaarverslag van de Centrale Directie van de Volkshuisvesting en de Bouwnijverheid over 1956, The Hague, 1957.
- Cost of dwellings: Official information supplied by the Government.
- Earnings: Estimated from average weekly male earnings in manufacturing industry, Year Book of Labour Statistics 1957, ILO, Geneva, 1957.
- Norway: - Size and cost of dwellings: Official information supplied by the Government.
- Earnings: Average hourly male earnings in manufacturing industry x 2,300, Year Book of Labour Statistics, 1957, ILO, Geneva, 1957.
- Portugal: - Size and cost of minimum type dwelling: Estimated from official information supplied by the Government.
- Cost of better quality dwelling: Secretariat estimate.
- Earnings: Estimated typical income of male workers in manufacturing industry; General source: Estatistica Industrial, 1955, Lisbon.
- Spain: - Size and cost of dwellings: Official information supplied by the Government.
- Earnings: Estimated income of unskilled worker with one child: official information supplied by the Government.
- Sweden: - Size and cost of dwellings: Estimated.
- Earnings: Hourly male earnings in manufacturing industry x 2,300, Year Book of Labour Statistics 1957, ILO, Geneva, 1957.
- Switzerland: - Size and cost of dwellings: L'Encouragement à la construction de logements économiques, Rapport de la Commission fédérale du contrôle des prix, Berne, 1956.
- Earnings: Ibid. Average earnings of all male workers.
- Turkey: - Cost of dwellings: Official information supplied by the Government.
- Earnings: Average earnings of unskilled workers: Official information supplied by the Government.
- United Kingdom: - Size and cost of dwellings: Official information supplied by the Government.
- Earnings: Average male weekly earnings in manufacturing industry x 52, Year Book of Labour Statistics 1957, ILO, Geneva, 1957.
- Western Germany: - Size and cost of dwellings: Official information supplied by the Government.
- Earnings: Weekly male earnings in manufacturing industry x 52, Year Book of Labour Statistics, 1957, ILO, Geneva, 1957.
- United States: - Size and cost of dwellings:) Official information supplied by the Government.
Earnings:)

Notes: A = Average;
T = Typical
H = Hypothetical

Useful floor space is the floor space measured inside the outer walls excluding cellars, non-habitable attics and, in multi-dwelling houses, all common spaces.

Habitable area is the total area of principal rooms, including kitchen.

- | | |
|---------------------------------------|--|
| (a) 1954 | (d) Mean of 1955 and 1956. |
| (b) Excluding site-development costs. | (e) Median annual income of purchasers of dwellings with mortgage insurance from the Federal Housing Administration. |
| (c) 1955 - National Income | (f) Average annual earnings in the building construction industry. |

Table 1
Comparison of Size and Cost of Social Dwellings in Western European Countries, 1955 to 1957

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Country (1)	Year (2)	Size of dwelling (3)	Description of size (4)	Description of dwelling (5)	Currency unit (6)	Total cost of dwelling (7)	Average annual earnings of male workers (8)	GNP per person (9)	Ratio between columns 7 and 8 (10)	Ratio between columns 7 and 9 (11)
Austria	1956	A 48 m ²	Useful floor space	Apartment dwellings in Vienna, approximately equal to dwelling of 2 rooms and kitchen	Schillings	A 82,800	23,400	15,621	3.5	5.3
Belgium	1956	A 61 m ^{2(a)} (apartments) A 86 m ^{2(a)} (one family houses)	Useful floor space	Apartment dwellings and one-family houses (Société Nationale du Logement)	Belgian francs	A 300,000	62,500	55,556	4.8	5.4
Denmark	1956	70 m ²	Useful floor space	T apartment dwellings, 3 rooms and kitchen	Danish crowns	T 40,000	11,200	6,785	3.6	5.9
Finland	1956	A 50-55 m ²	Useful floor space	Apartment dwelling equal to 2 rooms and kitchen	Finnish marks	A 2,000,000	500,000	260,765	4.0	7.7
France	1955	A 56 m ²	Habitable area	HLM dwelling with 3 or 4 principal rooms including kitchen	French francs	A 2,000,000	411,000	386,837	4.9	5.2
Greece	1956-57	1 T 40 m ²	Useful floor space	Minimum type social dwelling for earthquake victims	Drachmae	T 35,000	12,000	8,689	2.9	4.0
	1956-57	2 T	Useful floor space	Working-class urban dwelling		T 90,000	12,000	8,689	7.5	10.4
Ireland	1955	T 75 m ²	Useful floor space	One-family local-authority urban house, 4 rooms and kitchen	Pounds sterling	T 1,500	400	184	3.8	8.2
Italy	1955	T 80 m ²	Useful floor space	INA-Casa dwelling, 3 rooms and kitchen	Lire	T 2,500,000	514,000	281,320	4.9	8.9
Netherlands	1956	A 58 m ²	Habitable area	T one-family municipal house, 4 rooms and kitchen	Florins	T 16,000	4,178	2,869	3.8	5.6
Norway	1956	A 70 m ²	Useful floor space	Dwellings with State Housing Bank loans	Norwegian crowns	T 40,000 ^(b)	11,800	7,425	3.4	5.4
Portugal	1955	(1)		(1) Minimum type social dwelling, 3 or 4 rooms	Escudos	T 20,000	10,000	5,908	2.0	3.4
		(2)		(2) Better quality urban dwelling, 4 rooms		T 80,000	10,000	5,908	8.0	13.5
Spain	1956	(1) T 50 m ² (2) T 75 m ²	Useful floor space	(1) Minimum type social dwelling (2) Next quality dwelling	Pesetas	T 48,000 T 102,000	14,400 14,400	10,871 ^(c) 10,871 ^(c)	3.3 7.1	4.4 9.4
Sweden	1956	A 60-70 m ²	Useful floor space	Apartment dwellings with state loans	Swedish crowns	A 39,000	11,500	6,631	3.4	5.9
Switzerland	1955/56	T 40 m ²	Habitable area	T social type urban dwelling, 2 rooms and kitchen	Swiss francs	A 29,100	7,350	5,594	4.0	5.2
Turkey	(1)1955/56 (2)1955/56	H 50 m ²	Habitable area	Minimum type social dwelling Better quality urban dwelling	Turkish pounds	T 10,000 T 40,000	2,400 2,400	931 ^(d) 931 ^(d)	4.2 16.7	10.7 43.0
United Kingdom	1956	T approxi- mately 90 m ²	Useful floor space	3-Bedroom local-authority 2-storey house	Pounds sterling	T 1,700	638	403	2.7	4.2
Western Germany	1956	A 57 m ²	Useful floor space	Social housing sector	D. marks	T 20,000	5,433	3,866	3.7	5.2
United States	1956	A 116 m ²	Useful floor space	Non-farm one-family dwelling	US dollars	A 14,500	6,045 ^(e) 5,300 ^(f)	2,502	2.4 2.7	5.8

See footnotes overleaf.

so that the relative position of the less industrialized countries is further worsened. Even in the industrialized countries, there are many families who earn less than the average industrial earnings. Some of their needs may be met by older and cheaper dwellings vacated by better-off families moving to new dwellings, but the scope for this is limited where there is gross overcrowding or a large stock of obsolete or substandard dwellings.

At the other end of the scale, the United States dwelling with its superior size and, in most cases, equipment appears to cost less than three times average male earnings. This is in spite of the fact that residential construction is much cheaper in Europe than in the United States owing to the high proportion of labour used in housebuilding together with lower labour costs⁽¹⁾. The relationship between housing costs and earnings and comparatively low interest rates have enabled public financial aid to housing, other than mortgage insurance, to be confined to about 10 per cent of new dwelling construction. The United Kingdom appears to approach the United States relationship in respect of a typical but not an average local-authority dwelling.

In general a modern social-type dwelling costs about five to six times the GNP per person, even in the United States. Higher standards appear to offset higher GNP per person. In the United Kingdom the typical local authority one-family house shown gives a more favourable result, possibly because of lower equipment costs. The special position of Greece, Ireland, Italy, Portugal, Spain and Turkey is again evident with the addition this time of Finland where the GNP per capita is relatively low and the equipment standard of new urban dwellings high. In these countries, the economic effort required for an adequate social housing programme is extremely great. In practice, in these countries, with the exception of Ireland and Spain, the direct social results of the housing programme are limited; the bulk of housing construction is unaided and is, therefore, unless of low quality, too expensive for persons

(1) Milton Gilbert and Associates: "Comparative National Products and Price Levels", OEEC, Paris, 1958.

with modest incomes. In Ireland a social housing policy has been possible in spite of the relatively low GNP per capita only through a large public housing programme financed by heavy state borrowings and heavy subsidies out of taxation. Similarly in Spain two-thirds of new dwellings are financed by heavy public borrowings for interest-free loans.

In Austria, Finland, Sweden, Switzerland and Western Germany, the average of typical size of dwelling appears to be smaller than in the other countries. In most of these countries one of the main objectives of housing policy in the post-war period has been to increase the size of dwellings. The differences in size reflect differences in the size of households, in tradition, climate and in building costs, particularly where the equipment standard is high. The comparison between countries of the cost of a dwelling in terms of GNP per capita underlines the need for close examination in each country of the size and quality of dwellings erected. This is particularly true in the less well-off countries, where apparently dwellings greatly superior in size and in quality are erected in the unaided housing sector, and sometimes even with public aid. In these countries an expanded housing programme with specific social objectives seems possible only if the greatest economy is exercised in all sectors of housing construction, so as to make available resources for social housing and at the same time limit the demand on investment resources urgently needed for more immediately productive purposes.

The extent of public financial aid

Table 2 shows the number and relative importance of dwellings which received public financial aid in 1955 or 1956, excluding those forms of aid such as tax concessions and mortgage insurance which do not involve direct disbursement of public funds. Tax concessions, which are considered separately below, are made in most countries, usually in respect of almost all new dwellings. The forms of public financial aid covered by the table fall into two categories: those involving loss to public funds, as in the case of free grants, annual subsidies or public loans at interest rates lower than the rates at which the funds were borrowed; and those not involving such a loss, e.g., where public loans to housing carry the same interest-rate as that at which they were borrowed or are raised by taxation.

Table 2
Dwellings in Receipt of Public Financial Aid^(a) in Western Europe, 1955 or 1956

Country	Year	Total number of dwellings completed (thousands)	Total number of dwellings completed per 1,000 inhabitants	Dwellings in receipt of public financial assistance		
				Number completed (thousands)	As percentage of total output	Number completed per 1,000 inhabitants
Austria	1955	41.6	6.0	27.0	60-70	3.9
Belgium	1956	42.8	4.8	18.7	44	2.1
Denmark	1955	24.0	5.4	20.4	85	4.6
Finland	1955	33.2	7.8	13.0	39	3.0
France (b)	1956	203.5	4.7	183.6	90	4.2
Greece	1956	55.4	6.9	14.8	27	1.8
Ireland	1956	10.5	3.6	10.1	96	3.5
Italy	1955	215.9	4.5	45.3	21	0.9
Netherlands	1956	68.3	6.3	59.4	98	5.5
Norway	1955	32.1	9.4	24.1	70-80	7.0
Portugal	1955	18.8(c)	-	0.4	2	0.05
Spain (b)	1956	107.4	3.7	70.5	66	2.4
Sweden	1955	57.0	7.8	53.1	93	7.3
Switzerland	1955	39.4	7.8	2.8	7	0.6
Turkey	1955	58.5(d)	-	17.5	25-33.33	0.7
United Kingdom	1956	307.3	6.0	180.3	59	3.5
Western Germany	1955	542.0	10.6	271.0(e)	50(e)	5.4(e)

Sources: - Austria, Denmark, Norway: Bank of International Settlements, 26th Annual Report, Basle, June 1956, page 72.

- Greece: Report of ERO/EPA Housing Mission to Greece, November 1957.

- Other countries: Official information supplied by Governments.

(a) Excluding aid given solely in a form which does not involve direct disbursement of public funds, e.g., tax concession, mortgage insurance, etc.

(b) New dwellings only.

(c) Incomplete coverage.

(d) Estimated output in urban areas only.

(e) Excluding dwellings erected with tax concessions; if these were included publicly assisted housing would be 90 to 95 per cent of total output.

In France, Ireland, the Netherlands and Sweden direct public financial aid is given to more than 90 per cent of housing output. In the first three countries, in addition to housing provided by public or semi-public bodies, there are free grants on liberal conditions for private housing. In Sweden, public loans are widely spread, since they represent on average only about 35 per cent of total cost; there are also other forms of aid available on liberal conditions. Sweden has the highest number of aided dwellings per thousand inhabitants.

In Austria, Denmark, Norway and Spain, directly aided housing ranges from 65 to 85 per cent of output. In Austria and Spain public financial aid is available on liberal terms but the amount of public-loan capital available is less than the demand; the unaided housing is more the result of the delay involved in getting a public loan than of the restrictions placed on eligibility. In Denmark over 70 per cent of the public loan-capital for housing is limited to certain income classes or certain categories; the public financial aid that is available is generally therefore limited in amount. In Norway, unaided output is normally from those not content to wait for public loans, which are the main form of public financial aid and which are not used to supplement private market loans as in Denmark and Sweden but represent the total loan financing in each case. Furthermore public financial aid in the form of a capital subsidy is not generally available but only where public loans are granted. The size limitation on dwellings eligible for public financial aid also restricts the aided sector. The number of aided dwellings per thousand inhabitants is highest after Sweden.

In Belgium, ~~the United Kingdom~~ and Western Germany directly aided housing (excluding housing aided only by tax concessions) amounts to about 50 to 60 per cent of total output, but the number of aided dwellings per thousand inhabitants is considerably higher in Western Germany than in the other two countries. In Belgium, there is a special semi-public housing sector and, in addition, state grants and low-interest public loans for private housing.

The strict conditions for the latter, however, limit their application. In the United Kingdom, public financial aid is virtually restricted to housing provided by local authorities and to a small extent by housing associations; private mortgage institutions provide the necessary loan credit for the bulk of the remaining output. In Western Germany, direct public financial aid is confined within an income limit, the remaining housing being financed by private credit institutions and by other private funds directed into house-building through tax concessions.

The proportion of aided dwellings is low in Finland, Greece, Italy, Portugal, Switzerland and Turkey. In these countries total public financial aid is limited and is usually restricted to low-income groups. In Finland, however, the number of aided dwellings per thousand inhabitants is higher than in a number of countries where the proportion of aided dwellings is higher. In Greece, the number of aided dwellings per thousand inhabitants is significantly higher than in the other southern European countries.

The amount of public financial aid to rented and owner-occupied dwellings is examined separately since both the form and amount usually differ between the two types of housing.

Aided rented dwellings

Table 3 shows the number and relative importance of aided rented dwellings in 1955 or 1956 and the principal agencies providing these dwellings. Countries not appearing in the table include Greece and Turkey, where all aided dwellings appear to be for owner-occupation; Norway, where the bulk of aided dwellings are for owner-occupation and tenancy co-operatives involve a substantial down-payment; and Switzerland where the vast majority of new dwellings are unaided and rented. Aided and rented dwellings amount to 50 per cent or more of total output in Ireland, the Netherlands, Sweden, the United Kingdom and Western Germany; the last four countries are those with the highest number of such dwellings per thousand inhabitants. The

proportion of aided rented dwellings is also high in Denmark and France, about 40 per cent of total output. In the other countries the proportion of aided rented dwellings is low, especially in Portugal and Italy where the total aided sector is also particularly small. In Finland, France and Spain official housing policy is concerned to increase the provision of rented dwellings. In Austria, the shortage of public capital funds, which are almost entirely raised by taxation, restricts the aided rented sector and encourages owner-occupation, this in turn increasing the provision of private funds. In Belgium, tradition and therefore housing policy have always favoured owner-occupation.

In those countries where aided rented accommodation accounts for half or more of total output, there is some evidence that owing to the heavy demand on public funds for capital and for subsidies, together with long-term repair and maintenance problems, housing policy is now tending to favour increased owner-occupation. Thus in Ireland, the Netherlands and the United Kingdom special measures have been taken to encourage owner-occupation among those who would normally look for aided rented accommodation; in Western Germany official policy is now moving along similar lines. Owner-occupation, however, must cost more to the occupant as an owner than as a tenant of aided rented accommodation, if it is to afford any relief to public budgets. If this is not the case, it is arguable that it is better to have aided rented accommodation, which can serve specific social purposes through public, semi-public or non-profit making bodies. It does not appear that the rents of new aided rented dwellings are, in general, so low in relation either to incomes or to the general level of rents that increased charges associated with owner-occupation could or would be readily borne by many families now being rehoused in new aided rented dwellings, particularly those reserved for lower-income classes.

Table 3
Rented Dwellings Provided with Public Financial Aid in Western Europe, 1955 or 1956

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Country	Year	Total (thousands)	Number erected per 1,000 inhabitants	As percentage of all aided dwellings	As percentage of all dwellings erected	Agencies and number of dwellings provided
Austria	1955	10.0*	1.4	37	25	Estimated: public authorities (Land of Vienna and communes) 8,000; tenancy co-operatives 2,000
Belgium	1955	10.2	1.2	46	22	} Société Nationale du Logement
	1956	6.0	0.7	32	14	
Denmark	1956	6.7 ^(a)	-	45 ^(a)	41 ^(a)	Local authorities 1,070; non-profit housing societies 3,600; private owners 2,000
Finland	1956	9.6 ^(b)	2.2 ^(b)	-	30	Mainly by municipalities and communes and industrial employers
France	1956	82.3	1.9	45	37	HLM 31,300; other agencies 51,000
Ireland	1956	4.2	1.4	42	40	Virtually entirely local authorities
Italy	1955	22.7*	0.5	50	10	Estimated at half the production of each agency: Ministry of Public Works 10,000; INA-Casa 8,300; other public bodies 4,400
Netherlands	1956	34.7	3.2	58	51	Municipalities 15,000; housing associations 18,900; state 700
Portugal	1955	0.2	0.02	50	1	Estimated: Fishermen's Housing Board and non-profit societies
Spain	1956	23.0 ^(b)	0.8 ^(b)	-	19	Trade Union Agency for Homes; municipalities, benevolent societies
Sweden	1955	29.0	4.0	55	51	State and county councils 435; municipalities (non-profit societies) 17,019; employers 1,600; second units in two-family houses 1,000; private owners 9,000
United Kingdom	1956	180.3	3.5	100 ^(c)	59	Local authorities 170,000; housing associations 2,934; state 7,199
Western Germany	1955	365.0	7.2	65-70 ^(d)	65-70	Non-profit societies 28.4 per cent; second units in two-family houses 15 to 20 per cent; public bodies 7.2 per cent; other private builders 10 to 15 per cent

Source: Official information supplied by Governments

(a) Urban areas only.

(b) Includes unaided dwellings.

(c) Virtually all aided dwellings are rented.

(d) Estimated percentage of aided dwellings including tax concession dwellings.

The principal agencies providing aided rented dwellings are also indicated in Table 3. Except in Italy, the state builds few dwellings in western European countries and then usually only for employees. In Italy, however, nearly half the aided rented dwellings are provided by the Ministry of Public Works; they are financed out of general revenue and intended for the poorest families living in slums. Aided rented dwellings are normally provided by public bodies such as local authorities or special non-profit bodies, often of a semi-public character, except in Denmark, Sweden and Western Germany where they are provided on a considerable scale by private builders.

The choice between public bodies and special non-profit societies as a housing agency seems to be dependent mainly on the historical circumstances and system of public administration of the country concerned. The system of financing has probably also influenced the choice. Where the bulk of capital funds are derived from public budgets, control of expenditure through public bodies has usually been considered desirable. Where it is possible and useful to take advantage of private funds, non-profit housing societies provide a means of fostering local enterprise and self-reliance. There is some evidence also that administrative costs in the management of dwellings are lower in non-profit housing societies than in public bodies.⁽¹⁾ Practice varies in the disposal of profits accruing in such societies. In Sweden, they may be retained for the benefit of tenants; in Denmark they must be set aside for further construction and, in the Netherlands, surrendered to the municipalities. As a rule non-profit housing societies tend to cater for the better-paid workers where problems of rent default or of management do not arise; in countries where non-profit societies are active, public bodies tend to cater for the most needy and difficult cases.

Private providers of aided rented dwellings are particularly important in Denmark, Sweden and Western Germany. In the first two countries this appears to be partly due to the possibility of obtaining substantial capital in the credit market, the availability of public loans and to a relatively high level of rents in new dwellings at a time of strong market demand. In both countries, however, the importance of such housing is declining as preference for state loans is being given to non-profit rented housing and to individual owner-occupation. In Western

(1) Experience in the Netherlands has been that administrative costs are lower than those of private landlords or of local authorities. "Housing Associations in the Netherlands", Netherlands Government Information Service, The Hague, January 1954.

Germany, the availability of capital in the credit market, the attraction of tax concessions on personal funds invested in housing and the practice of building two-family houses are factors which largely account for the high proportion of privately-provided aided rented dwellings. In addition, in Sweden, Finland and Western Germany, private employers are significant providers of aided rented dwellings.

The value of the public financial aid given to aided rented accommodation may be assessed as a reduction in the rent of a dwelling financed solely on credit market terms. In most western European countries in 1956 and 1957 the annual rent of a social dwelling financed in this way would be at least 8 per cent of the capital cost. Owing to higher interest and amortization rates, it would be about 10 per cent in Austria, 12 per cent in Finland and Italy, and 12.5 per cent in France. This is not to suggest that rented accommodation could be provided in this way in all countries since the credit market is rarely organized to provide the full capital cost; personal investment to a greater or lesser extent would be necessary. Furthermore, in most western European countries a gross return of at least 8 per cent on capital invested would seem necessary to attract into house construction substantial funds from private investors. This is supported by the fact that in Switzerland, where interest rates have been lower and the supply of capital greater than in almost any other country, rent control policy for new dwellings has been based on a gross return of 6.8 per cent. Table 4 shows the hypothetical annual rent of dwellings calculated in the foregoing manner and the actual rents charged in aided rented accommodation.

Table 4
Comparison of Hypothetical Credit Market Rent and Subsidized Rents in
Social Dwellings

Country	Currency Unit	Capital cost of dwelling	Annual rent at credit market terms	Annual subsidized rent	Percentage reduction in market rent
Austria	Schillings	82,800	828		
Belgium	Bel. fr.	300,000	24,000	12,000	50
Denmark	Dan. kr.	40,000	3,200	2,250 ^(a)	30
Finland	Fin. marks	2,000,000	240,000	150,000 ^(a)	38
France	Fr. fr.	2,000,000	250,000	60,000 ^(b)	95
Ireland	Pounds stg.	1,500	120	40 ^(c)	67
Italy	Lire	2,500,000	300,000	54,000	82
Netherlands	Florins	16,000	1,280	567	49
Spain	Pesetas	48,000	3,840	1,440	63
Sweden	Swed.kr.	31,200	2,496	1,600 ^(d)	36
United Kingdom	Pounds stg.	1,700	136	98 ^(c)	28
Western Germany	DM	19,600	1,568	936	40

Source: Official information supplied by Governments.

- (a) Including heating.
- (b) HLM dwelling.
- (c) Excluding rates.
- (d) Excluding heating and a down-payment of 5 per cent of capital cost.

The reduction effected is substantial in all cases but is particularly striking in France and Italy, owing to the high interest and amortization rates and the very low general rent level. Finland has the same problem of high interest and amortization rates but the reduction by about 38 per cent still leaves a very high rent level in new dwellings. In these countries the provision of aided rented accommodation, with reasonable rent levels, imposes a heavier burden per dwelling on public funds than elsewhere. In Ireland and Spain where the reduction is also particularly high, the low general level of earnings requires a greater reduction in economic rents than in more industrialized countries with full employment. In Belgium, the Netherlands and Spain the reduction effected appears to be about 50 per cent. In Denmark, if the cost of heating is excluded, and in Sweden and Western Germany, the reduction appears to be in general of the order of 40 per cent. The reduction appears to be smallest in the United Kingdom, where, as can be seen from Table 1,

the relationship between earnings and the cost of a dwelling is apparently more favourable than in most countries.

In Table 5 some tentative estimates are made of the subsidy element in public financial aid for aided rented dwellings in recent years which results in a loss to public funds. The loss per dwelling to public funds appears to be heaviest in France and lowest in the United Kingdom. The loss in Italy is lower than might be expected but the example chosen is one where the dwelling is financed out of semi-public funds at a relatively low rate of interest. The majority of aided rented dwellings in Italy are built with the aid of capital, raised by taxation, on which no interest is charged. In Spain also, owing to the comparatively low rate at which public capital for housing can be borrowed the loss is lower than might be expected. Finland and Western Germany have been included in the table but the subsidy in Finland, and to some extent that in Western Germany, does not cause a loss to the public budget since the funds are raised from taxation.

Table 5

Subsidies on Aided Rental Dwellings as Percentage of Capital Cost of the Dwelling

Country	Currency unit	Capital cost of dwelling	Duration of subsidy (years)	Estimated annual amount of subsidy	Value of subsidies as % of capital cost	Estimated subsidy element
Belgium	Bel.fr.	300,000	66	7,000	2.3	Difference between normal annual rent fr. 12,000 and capital charges for 66 years at 6.5% interest
Denmark	Dan.kr.	40,000	Annual subsidies, 15 on average; family allowances and tax concessions, indefinitely	1,600	4.0	Annual subsidy, family allowances and tax concessions
Finland	Fin.marks	2,000,000	45	60,000	3.0	Estimated annual interest payments saved by a low-interest state loan of 50% of total cost
France	Fr.fr.	2,000,000	HLM, 45	177,000	8.8	Low-interest loans. Figures based on those quoted in L'Habitation, Paris, May 1957
Ireland	Pounds stg.	1,500	50	65	4.3	State and local-authority annual subsidy
Italy	Lire	2,500,000	35	100,000	4.0	State payments in respect of popular housing by certain public bodies
Netherlands	Florins	16,000	50	346	2.2	Annual state subsidies
Spain	Pesetas	48,000	50	1,100	2.3	Interest subsidy on public loan of 75% of cost
Sweden	Swed.kr.	39,000	Interest subsidies and State loans 25; family allowances, indefinitely	1,300	3.3	Interest subsidies; supplementary loan, free of interest and amortization; and family allowances
United Kingdom	Pounds stg.	1,700	60	30	1.8	Minimum state and local-authority annual subsidies in typical case
Western Germany	DM	20,000		900	4.5	Estimated interest payments saved by low-interest or interest-free loans

Aided owner-occupied dwellings

Table 6 shows the estimated extent and relative importance of aided owner-occupied dwellings in 1955 or 1956 in selected western European countries.

Table 6

Construction of Aided Owner-occupied Dwellings in Selected
Western European Countries, 1955 or 1956

Country	Year	Number of dwellings (thousands)	Number of dwellings per 1,000 inhabitants	As percentage of all aided dwellings	As percentage of total output
Austria	1955	17.5*	2.5	63	40
Belgium	1955	11.7	1.3	54	27
Denmark (a)	1956	12.7	1.4	68	30
Finland	1956	8.1	-	55	49
France	1956	22.3 (b)	5.2	-	70
Greece	1956	100.6	2.3	55	50
Ireland	1956	14.8	1.8	100	27
Italy	1955	5.9	2.0	58	56
Netherlands	1956	22.7*	0.5	50	10
Norway	1956	24.7 (c)	2.3	42	37
Portugal	1956	18.0*	5.2	90*	66*
Spain	1955	0.2	0.02	50	1
Sweden	1956	98.0 (b)	3.4	-	81
Western Germany	1955	24.1	3.3	45	42
	1955	177.0	3.5	30-35	30-35

Source: Official information supplied by Governments.

(a) Urban areas only.

(b) Including unaided dwellings.

(c) Including some aided rented dwellings provided by private persons.

Owner-occupation was the predominant form of aided construction in all the countries shown except Italy and Portugal, where it amounted to half of directly aided construction, the extent of which was itself very small; and Sweden and Western Germany, where it amounted to less than half. In Sweden, owner-occupation is now receiving priority for public loans before rented dwellings provided for profit. In Western Germany, also, owner-occupation has been receiving priority and has increased since 1955.

In Ireland, aided owner-occupation is now relatively more important than it was in earlier years owing to the completion by many local authorities of their housing programmes designed to eliminate shortages and unfit dwellings; in 1950 aided rented dwellings amounted to two-thirds of total output. In France, owner-occupation has declined in recent years as a result of a policy of encouraging the provision of rented dwellings. In Norway, where owner-occupation is particularly pronounced, long-term housing policy has virtually eliminated publicly-owned rented dwellings because of difficulties in the past in maintaining such dwellings in good repair and because owner-occupation suits a country with a thinly spread population. In Spain, a policy of reducing construction by public bodies has also been followed and priority for public loans is given to the provision of rented dwellings. Owner-occupation, however, still appears to constitute 80 per cent of dwelling construction. In Finland, increased provision of aided rented dwellings is considered socially desirable because of the heavy down-payments and annual charges involved in owner-occupation.

Owner-occupied dwellings constitute the area of individual private construction, except in Greece, Italy and Portugal, where the greater part of aided owner-occupation is provided by public bodies on tenant purchase-terms. In Belgium, also, a significant proportion of aided owner-occupation is provided through the two semi-public housing bodies, the National Housing Society and la Société Nationale de la Petite Propriété Terrienne. In the Scandinavian countries, co-operative societies providing aided owner-occupied housing are particularly important; they accounted in recent years for between 40 and 50 per cent of such housing in Denmark and Sweden and between 20 and 30 per cent in Norway.

In Table 7 examples are given of the financing of aided owner-occupied dwellings. Comparison with the charges for aided rented dwellings is not feasible since owner-occupied dwellings involve a cash down-payment and the annual charges in the table relate to capital charges only.

Table 7
Financing of Aided Owner-occupied Dwellings in Western Europe, 1956 or 1957

Country	Year	Currency unit	Capital cost of dwelling	Contribution of owner-occupier		Free public grants		Loan capital	Annual capital charges (a)	
				Amount	As percentage of total cost	Amount	As percentage of total cost		Amount	As percentage of total cost
Austria	1956	Schillings	100,000	10,000	10	-	-	90,000	4,750	4.7
Belgium	1957	Bel. fr.	350,000	50,000	14	35,000	10	265,000	20,400	5.8
Denmark	1957	Dan. kr.	40,000	2,500(b)	6	-	-	37,500	-	-
Finland	1957	Fin. marks	2,000,000	500,000	25	-	-	1,500,000	112,000	5.6
France	1956	Fr. fr.	2,000,000	400,000	20	-	-	1,600,000	122,000	6.1
Greece	1957	Drachmae	35,000	-	-	-	-	35,000	2,600	7.4
Ireland	1957	Pounds stg.	2,000	100	5	425	21	1,475	90	4.5
Italy	1957	Lira	2,500,000	-	-	-	-	2,500,000	115,300	4.6
Netherlands	1957	Florins	19,000	6,000	32	4,000	20	9,000	640	3.4
Norway	1957	Nor. kr.	40,000	9,200	23	6,800	17	24,000	864	2.2
Portugal	1957	Escudos	80,000	-	-	-	-	80,000	4,580	5.7
Spain	1957	Pesetas	100,000	20,000	20	-	-	80,000	3,800	3.8
Sweden	1957	Swed. kr.	40,000	4,000	10	4,000	10	32,000	1,500	3.7
Turkey	1956	Turk. pounds	40,000	4,000	10	-	-	36,000	2,900	7.2
Western Germany	1956	DM	30,000	3,000	10	-	-	27,000	1,200	4.0

Source: Based on official information supplied by governments.

- (a) Allowing, where relevant, for interest subsidies and annual subsidies other than family allowances.
(b) Co-operative apartment.

The minimum contribution of the owner-occupier amounts to 20 per cent or more in Finland, France, the Netherlands and Spain. In Norway, the figure of 23 per cent represents the average down-payment. In the other countries the minimum down-payment is less than 15 per cent and appears to be lowest in Denmark, Ireland and Western Germany. In Denmark, however, the down-payment on one-family dwellings is nearly twice that on co-operative flats. In Ireland, the majority of down-payments would be from £200 to £250. In Western Germany the down-payment may be as high as 30 per cent.

Capital grants are paid in five countries in further reduction of the loan capital but in Norway and Sweden these grants are loans free of interest and amortization which, however, may have to be repaid in due course. A grant of the order of £425 is payable in Ireland only to owner-occupiers below a certain income limit; the grant in most other cases would be rather less than £300. In the other countries, the public financial aid is given by way of interest-rate reductions or annual subsidies.

The value of tax concessions

Tax concessions of various kinds are given to new house-building in almost all western European countries. Owing to differences in tax structures and absence of precise information on the value of many such concessions, it is difficult to make precise comparisons between countries. Some general comparisons are possible as to the nature of such concessions and in a few cases as to their value.

The first category of tax concessions is that relating to stamp duties and fees payable in connexion with the acquisition of ownership of a dwelling. These concessions are linked so closely with the legal and tax structure in a country that comparisons are not very useful.

A second category of tax concession common to many countries is the partial or complete remission from the various types of property tax payable in western European countries. There are few countries which do not accord such concessions; among these are the Netherlands, Sweden and the United Kingdom. Where given, they are usually for a limited number of years. Complete exemption is given in Austria and Norway for twenty years, in Belgium and Finland for ten, Italy for twenty-five, Portugal for periods up to fifteen years, depending on the type of housing, and Turkey for ten years. Partial exemption is given in

Denmark, apparently permanently, in Ireland for seven years, in Spain for twenty years and in Western Germany for ten. The concession given extends to all new dwellings in Austria, Denmark, Ireland, Portugal and Turkey, to non-social dwellings not exceeding certain standards in Belgium, to all but luxury dwellings in Finland and Italy, to housing aided by tax exemptions only, in Western Germany, to publicly aided dwellings in special areas which it is desired to develop in Spain, and in Norway to dwellings receiving loans and subsidies from the State housing banks.

Particulars of the value of these exemptions are available for only a few countries. In Portugal, the full tax amounts to 10 per cent of the annual annuities on tenant-purchase houses provided by public bodies. In Turkey, the total value of the exemption is from 2.5 to 4 per cent of the total cost. These concessions are particularly important in Denmark, where they may amount to from 10 to 20 per cent of the annual cost of a dwelling. In Ireland, the partial remission may amount to £140 in a typical case or £20 per year, which would be about 12 per cent of the annual outgoings in a new owner-occupied house. In Spain the effect of the remission granted is to reduce taxes which could amount to 36 per cent of the rent to less than 10 per cent. In Western Germany, the exemption from land tax reduces annual rents and charges by 15 per cent, on the average, for a period of ten years. In Norway new dwellings are exempted from a general turnover tax of 10 per cent which in the case of a dwelling would be levied on the total value of the building work, including value of both materials and labour. The total value of this exemption for house-building during recent years has been about Nor. kr. 100 million annually, which is approximately the same as the total amount of housing subsidies requiring disbursement from the State budget. In Finland a somewhat similar concession reduces the capital cost of a dwelling by between 2.5 and 3.5 per cent.

The third important kind of tax concession relates to income tax and is of two kinds: that granted for the purpose of attracting capital funds to housing and that granted to reduce the annual costs of a dwelling to the owner. The former type of tax concession was of particular importance in Western Germany until recent years, when the general supply of capital so improved as to render special inducement unnecessary. Similar concessions are given on profit taxes to business concerns contributing funds for house-building in Spain and Belgium.

In Western Germany income-tax concessions of a special category are still given to encourage individual savings with a view to undertaking owner-occupation. Savings paid into builders' savings banks give within the limit of a certain ceiling a right to income-tax relief or, as far as people of low income are concerned, a right to free grants.

Income-tax concessions given with a view to reducing the annual costs of a dwelling appear to exist in most countries but particulars in regard to their value, which depend on the individual income, are in most cases lacking. In Finland, Ireland and the United Kingdom, such concessions usually imply complete exemption from income-tax of the interest on mortgage loans. In Western Germany the concession whereby 50 per cent of the total construction cost of newly built dwellings may be deducted from the proprietor's taxable income during a period of twelve years would amount in typical cases to between 13 and 18 per cent of the total building costs. In Western Germany, also, the annual costs of newly built dwellings may be further reduced by tax concessions made to tax-payers who grant for a period of ten years interest-free building loans.

Total annual cost of subsidies

Information in regard to the total annual expense to public authorities of housing subsidies involving disbursements from public funds is available on a comparable basis for only a few countries. In many countries the fact that housing subsidies are granted by way of interest-free loans raised from taxation makes it difficult to assess the burden on a comparable basis with other countries.

The total annual cost per head, in US dollars, of subsidies in those countries for which comparable information is available for 1956 or 1957 was approximately US \$3 in Belgium⁽¹⁾, US \$5.6 in Ireland and in the United Kingdom, and US \$7.1 in the Netherlands. Some particulars are also available in regard to Norway and Sweden but comparison with the other countries is difficult. In Norway in 1956/1957 the total provision for housing subsidies was of the order of kr. 110 million, or US \$4.5 per head of population. The bulk of this, however, consists of capital subsidies given in the form of loans free of interest and

(1) Habiter, Institut National du Logement, Brussels, October 1957, p.125.

repayment for at least ten years. These capital subsidies will probably not in the long run represent a loss to the public authorities. In Sweden in 1955/1956⁽¹⁾ interest subsidies and rent rebates totalled kr. 155 million, or US \$4 per head of population. In addition, however, there were kr. 385 million for the supplementary and non-interest-bearing loans, which may be required to be repaid in due course. This provision amounted to US \$10.2 per head of population.

The social results of public financial aid

In this section the social results of public financial aid to housing are examined. [Each country is considered individually in this version of the report; in the published version, when any corrections or additions countries wish to make have been received, the position will be analysed by reference to the results achieved in groups of countries]. The social results considered include the relation between average earnings and the rents, annual charges and down-payments for new dwellings, the type of families for whom new dwellings are provided or are accessible and, as a general measure of the social need for public financial aid, the general housing conditions of the population and the extent to which total housing output is improving these conditions.

- Austria: the bulk of new dwellings are for owner-occupation, involving a minimum downpayment of schillings 10,000, representing between two and three months' earnings of a male industrial worker. In most cases, however, the down-payment is likely to be greater. Annual capital charges alone on a new owner-occupied dwelling would appear to amount to at least schillings 5,000 which is about 25 per cent of the annual earnings of a male industrial worker. Some 25 per cent of total output is in the form of rented dwellings reserved by public authorities for economically necessitous families. For the other aided dwellings, no personal income or social tests are applied except that the income must be sufficient to pay the annual charges. The general housing situation is one of small dwellings; in 1953, 54 per cent of the population lived in dwellings with 1.5 rooms or less, plus kitchen. The new dwellings

(1) Swedish Housing Market, HSB, Stockholm, 1957.

being erected are also small; in 1955 over 50 per cent had not more than two rooms, including kitchen. Current output is sufficient to improve considerably the general housing situation, at the expense, however, of neglecting replacement needs, which are particularly high owing to the high age of the housing stock.

- Belgium: in recent years public financial aid has been given to about half the output. Aided rented dwellings have amounted to about half of the aided output and even less in 1956. Rents in new aided rented dwellings amounted in 1956 to between 16 and 20 per cent of the earnings of an adult male worker, assuming the average rent to be fr. 1,000/month and the average earnings to be from fr. 5,000 to 6,000/month. Rent policy in relation to new dwellings is based on the assumption that there is often more than one earner in a household; in addition, the stock of more than 100,000 dwellings controlled by the Société Nationale du Logement provides an opportunity of rehousing in older and cheaper dwellings families whose earnings are particularly low. Rents in all SNL dwellings amount on average to between 10 and 15 per cent of the tenant's income. Social welfare assistance in the payment of rent may also be obtained by necessitous families. Rent control ceased in the middle of 1957 and the general rent level is high. In 1954, the average rent in tenanted dwellings was from 18 to 19 per cent of the annual earnings of a working-class family. The new SNL dwellings are also of much better quality than the older privately-owned rented dwellings.

Owner-occupation with public financial aid involves a down-payment of at least fr. 50,000, equivalent to about nine months' earnings of a male industrial worker. The average public loan granted in 1957 was fr. 209,000, involving monthly capital charges alone of fr. 1,450 or well over 20 per cent of the average earnings of a male worker. Owner-occupation on these terms is, however, undertaken by workers; during 1956, 51 per cent of state grants for owner-occupation went to workers, 6 per cent to miners, 19 per cent to employees, 14 per cent to personnel of the public services and 10 per cent to others. Loans at particularly low rates of interest are obtainable through the Société Nationale de la Petite Propriété Terrienne, the Fonds du Logement de la Ligue des Familles Nombreuses and by miners; these loans would appear to be given in only about 10 per cent of the cases qualifying for state grants. Generally, it would appear that aided owner-occupation can be undertaken only by the best paid

workers or those whose household income is particularly high. There is, however, a particularly strong tradition of and desire for owner-occupation in Belgium. The general housing situation is quantitatively among the best in western Europe with little over-crowding and is improving yearly. The dwelling stock, however, is old: over two-thirds of the dwellings existing in 1947 were built before 1918. There is thus need for a large programme of replacement, including slum-clearance.

- Denmark: approximately two-thirds of total output is in the form of social housing for persons whose income does not exceed the earnings of an adult male skilled worker, plus an addition for each child. Annual rent, including heating, of a three-roomed flat in this sector would amount to from kr. 2,000 to 2,500, equivalent to almost 20 per cent of the annual income of an adult male worker. This, however, represents a considerable reduction since before the war. Owner-occupation in this sector would involve a down-payment, in the case of a flat, of kr. 2,000 to 3,000 and, in the case of a one-family dwelling, kr. 4,000 to 5,000, equivalent respectively to two to three months' and four to five months' earnings of an adult male worker. Annual charges would be about the same as for a rented dwelling. New aided dwellings outside the social sector, amounting to one-quarter of total output in recent years, would have an annual rent of some kr. 3,000 to 3,500 for a three-roomed flat and a down-payment of about kr. 10,000 to 12,000, equivalent to the annual earnings of an adult male worker. The general system of aid to non-profit housing is designed to bring new dwellings within the means of the majority of the population. There is special assistance, however, for those whose rent-paying capacity is particularly low, e.g., old-age pensioners, disabled persons, families with many children, lowest income families, etc. The general housing situation is relatively good, with comparatively little over-crowding. Annual output in recent years has been sufficient to meet current demographic needs and to reduce somewhat the shortages. There is a considerable slum-clearance problem, however, and a corresponding number of dwellings in need of major overhaul.

- Finland: less than 40 per cent of new dwellings in recent years have obtained public financial aid. New rented dwellings form about 30 per cent of total output. There are no personal income or social tests for the low-interest public loans which are the main form of public financial aid. The monthly rent, including heating, of a new aided rented flat of two rooms and kitchen may amount to marks 12,000 to 13,000, equivalent to nearly 30 per cent of the

gross earnings of a workman. Down-payment for an aided owner-occupied flat of two rooms and kitchen would be about marks 500,000, about the annual gross earnings of a workman. The general housing situation is unsatisfactory; in 1950, 35 per cent of the population were living in overcrowded dwellings, i.e., dwellings with more than two persons per room. The overcrowding is the product of very small dwellings - in 1950, 60 per cent of dwellings had two rooms or less, including kitchen - and relatively large households. There are few old dwellings. Half the output in recent years has probably gone to reduce the housing shortage. New dwellings being erected, however, are smaller than is considered socially desirable, in 1955 73 per cent of new dwellings had three rooms or less, including kitchen and the average size of households with more than one person was 4.2 persons in 1950.

- France: there are three types of publicly aided dwellings, each provided with a different social objective. Dwellings for sale or renting erected by HLM organizations are for families of modest means. Other publicly aided dwellings which qualify for an annual state grant and a public loan are divided into two categories: one consists of economical dwellings restricted to a relatively low size and cost limit for which the annual state grant amounts to fr. 1,000/m² and the other, subject to rather higher cost and size limits, where the annual grant is fr. 600/m². Almost all new dwellings obtain public financial aid.

In 1957 75,000 HLM dwellings were erected, representing 31 per cent of total output of new dwellings, compared with 30,600 erected in 1954, about 25 per cent. About two-thirds of HLM dwellings are for renting. Eligibility for an HLM dwelling is confined to families whose earnings do not exceed fr. 60,000/month, plus fr. 15,000 for each child. The average net monthly revenue in January 1957 of a worker with dependent wife and two children ranged from fr. 37,209 for an unskilled worker to fr. 55,890 for a skilled worker⁽¹⁾. In relation to these figures the ceiling income for admission to HLM dwellings appears somewhat high since it would admit a similar family whose earnings were perhaps double those of the average worker's income. It has been stated that numerous HLM offices are not prepared to give dwellings to families with less

(1) Etudes Statistiques No. 2, Institut Nationale de la Statistique et des Etudes économiques, Paris, April/June 1957, Table 6, page 55.

than fr. 50,000/month because of the risk of default in rents or annual charges⁽¹⁾. It would appear from the figures quoted in regard to average incomes that a monthly income of fr. 50,000, even allowing for all family allowances, would be enjoyed only by skilled workers and perhaps then only in the larger urban centres. A recent study⁽²⁾ suggests that of HIM dwellings allocated between 1948 and 1955, 47.5 per cent went to workers, 24.5 per cent to employees and 28 per cent to higher social categories.

The inclusive rent of a new HIM dwelling of three rooms and kitchen, with central heating, occupied in Paris during 1956 and 1957 by a family with dependent wife and two children, would appear to have been in the region of fr. 5,000/month for those earning from fr. 50,000 to 60,000/month⁽³⁾. It would thus appear that the rent of such a dwelling accounts for about 10 per cent of the income of an average fully-employed skilled worker with dependent wife and two children, compared with the general average proportion of income devoted to rent in France, which is less than 4 per cent. It would also appear that the monthly charges on a normal owner-occupied HIM dwelling of five rooms occupied by a family with three or four children earning the minimum wage would be from fr. 5,000 to 6,000 during the early years of occupancy⁽⁴⁾. In this case all available loans have been obtained and the personal down-payment has been reduced to fr. 50,000. It seems that a deposit of fr. 50,000 would be exceptionally low and may be as high as fr. 200,000.

An average dwelling of three to four rooms plus kitchen qualifying for the annual state subsidy of fr. 1,000/m² would appear to cost from fr. 2.5 to 3 million. Another recent study states that the down-payment would range from fr. 750,000 to 1,105,000⁽⁵⁾. Assuming that the earnings of families ineligible

(1) L'Habitation, No. 57, Paris, November 1957, page 8.

(2) A study by the Institut Nationale de la Statistique et des Etudes économiques, quoted in Population, No. 4, Ed. I'INED, Paris, October/December 1957.

(3) Population, No. 4, Edit: I'INED, Paris, October/December 1957, page 606, and Avis et Rapports du Conseil Economique, Logement de travailleurs de faibles revenus, Journal Officiel, Paris, 25 February 1956, Table 8.

(4) Population, No. 2, Paris, April/June 1957.

(5) Avis et Rapports du Conseil Economique, Journal Officiel, Paris, 24 December 1957, page 928.

for an HIM dwelling would be of the order of fr. 100,000/month upwards, the down-payment for those of modest means ineligible for an HIM dwelling would therefore amount to about one year's salary in the bigger cities and about eight month's salary in the smaller centres. Monthly payments would appear to be of the order of fr. 5,000 in the case of a family of three children with monthly earnings of fr. 80,000/month, representing 6 to 7 per cent of income⁽¹⁾.

Generally, therefore, it appears that new housing is not yet available to the lowest-income families partly because the public financial aid given does not reduce the rents or annual charges sufficiently, having regard to the general level of rents, and partly because eligibility for the HIM dwellings is rather wide. Since these dwellings must be economic at the uniform level of aid provided, the tendency is to give these dwellings to the better-off workers and other similar categories. Owner-occupation usually involves a high personal investment, apparently up to one year's earnings, in the case of those of modest incomes not qualifying for HIM dwellings.

The general housing situation is very unsatisfactory: 2.7 million dwellings are required to rehouse the occupants of overcrowded dwellings, and replacement and slum-clearance needs are high. An annual output of 300,000 dwellings for twenty years is officially considered necessary; in 1957, a record year, output was 270,000 dwellings.

- Greece: aided housing has amounted to less than 30 per cent of total output in recent years. Of the aided output, approximately 80 per cent is provided for earthquake victims and refugees; the amount of aided housing available to meet general housing needs is therefore small. Aid is mainly given by way of no- or low-interest loans to self-builders. Loan charges on public loans may amount to 20 per cent of income and often additional loans are contracted in order to build a bigger dwelling than is possible with the public loan. Unaided housing construction consists of construction well beyond the means of the average worker or construction of a poor quality carried out by self-help in rural areas. The general housing situation is very unsatisfactory: in 1953 the average density of occupation was almost 2.3 persons per room, well above

(1) Avis et Rapports du Conseil Economique, Journal Officiel, Paris,
24 December 1957, page 928.

the normal, western European standard of overcrowding; the number of uninhabitable dwellings is estimated at 370,000. Output in recent years has been sufficient to maintain the present situation and to replace some of the war losses but not to make any significant improvement in the general standard of housing.

- Ireland: almost all new dwellings obtain public financial aid. Local authorities construct about half the aided dwellings for working-class families, the other half being privately erected for owner-occupation. Since the war new local-authority dwellings have been mainly let at rents differentiated according to family income. The system of fixed rents in operation before the war was found to prevent many of the lowest-income families, whose housing need was often the greatest, from acquiring a new dwelling. Differential rates amount at most to one-sixth of the assessable family income which is usually considerably less than the gross family income. In a typical scheme, rents including rates range from 10s to £2/week for similar dwellings. In 1955 the average differential rent in Dublin was 17s/week, equivalent to about 11 per cent of average earnings in industry. Proportions of family incomes as low as one-tenth are common in differential rent schemes. Owner-occupation with the aid of free public grants would require a minimum down-payment of about three or four months' wages of an industrial worker. Annual capital charges alone would amount to at least £2/week, equivalent to 25 per cent of average male industrial earnings. Owner-occupation of a new dwelling is, therefore, too expensive for most working-class families but the better-paid workers often undertake owner-occupation on a self-help basis.

The general housing situation is now good; owing to falling population it has been possible to concentrate on reducing existing shortages and on the replacement of unfit dwellings. This has now been accomplished in all but a few urban areas, where it will take perhaps another five years. Some overcrowding will still probably persist in spite of the relatively large dwellings being constructed, owing to the existence of particularly large households which, partly because of a low marriage-rate, remain intact longer than in other countries. Four-fifths of those living in over-crowded dwellings in 1956 belonged to households of seven or more persons.

- Italy: only about 20 per cent of new dwellings obtain direct public financial aid. Eligibility for this aid is based on a certain liability for income tax which would admit all workers, employees and professional persons. In practice, however, the bulk of aided dwellings are built by the State and INA-Casa, primarily for working-class families living in temporary, uninhabitable or overcrowded dwellings. Rents in state-owned dwellings range from lire 25,000 to 30,000 annually, equivalent to 5 or 6 per cent of average industrial earnings, which, however, exceed the actual earnings of many families owing to unemployment or underemployment. The rent of an INA-Casa dwelling represents about 10 per cent and tenant purchase-charges about 22 per cent of average industrial earnings. The annual rent of dwellings erected by other public authorities is about lire 100,000, equivalent to about 20 per cent of average industrial earnings. The annual charges for dwellings erected by co-operatives amount to from lire 236,000 to 357,000, equivalent to between 46 and 70 per cent of the earnings of the average industrial worker. Private non-profit housing involves annual charges equal to about 32 per cent, and private owner-occupation with a public loan about 60 per cent of the earnings of the average industrial worker. Unaided housing would generally entail even higher charges.

The general housing situation is unsatisfactory: the average rate of occupation in 1951 was 1.3 persons per room but in many areas the density was over two persons per room. In addition about 220,000 families lived in premises other than proper dwellings and in the beginning of 1955 it was officially considered that about 1 million sub-standard dwellings should be replaced by 1964. With the rapid and continued increase in recent years output has now reached a level where current needs are being met and the quantitative situation being slowly improved.

- The Netherlands: rented dwellings for the working and lower-middle-classes, amounting to about half of total output, are provided by the municipalities and the housing associations. The housing associations which are non-profit-making bodies generally provide dwellings for the better-off workers; the municipalities tend to cater for lower-income and other less favoured families. The weekly rent of a three-bedroom dwelling costing about fl. 14,000 provided either by a housing association or a municipality during 1956 was of the order of fl. 10 to 12 exclusive of, or fl. 15 including heating charges. The rents of these dwellings tend to be uniform at a level regulated by the State by means of an

annual subsidy. Special reductions are granted to persons rehoused as a result of slum clearance, for a limited period of five years, which in a typical case would amount to fl. 2 to 3/week in the first year falling by one-fifth each year. The rents payable, exclusive of heating charges, during 1956 represented from 13 to 15 per cent of average earnings of a male worker or, including heating, nearly 20 per cent. It has been officially estimated that in 1956 the rent of a pre-war dwelling was about 6 per cent of the income of a manual worker.

All but a small proportion of the remainder of housing output qualifies for state grants. These dwellings are provided for either owner-occupation or renting. In the case of owner-occupation, loans of up to 60 per cent of the net capital cost (i.e. of total cost reduced by the state grant, which normally amounts to about 20 per cent of total cost) are obtainable in the private mortgage market. Personal down-payment required, therefore, would be up to one-third of the total cost. In a typical three-bedroom dwelling the total cost in 1956 was about fl. 19,000. The personal down-payment would, therefore, amount to about fl. 6,000 or about eighteen months' earnings of an industrial worker. Special additional state subsidies are, however, given, ranging from 25 to 30 per cent of the normal state grant to workers and other lower-income persons undertaking owner-occupation. This additional grant would appear to have the effect of reducing the personal down-payment to about one year's earnings of an average male worker. During 1956, when the interest rate on private-mortgage loans was just over 5 per cent, the annual charges in respect of the dwelling cited would be approximately fl. 20/week, i.e., about 25 per cent of the earnings of an average male worker. Where the dwelling is erected for renting with the aid of a state grant, rents are controlled by the State at a level which ensures a reasonable return on the capital invested. Such a rent for a three-bedroom house during 1956 would also have been at least fl. 20/week.

There is still a severe housing shortage, provisionally estimated at 250,000 dwellings in 1956. For the next five to ten years the increase in the number of households requiring a dwelling is estimated at 40,000 to 45,000 per year and the number of slum-dwellings that will be cleared at 10,000 to 15,000 a year. Thus about 55,000 dwellings will be required annually before any reduction can be made in the shortage. Output at the 1957 level would leave an annual margin of over 30,000 dwellings to reduce the shortage.

- Norway: of total housing output, about 75 per cent in recent years has received direct public financial aid. The aided dwellings erected by private builders are predominantly for owner-occupation and the co-operative societies provide rented dwellings, with, however, a deposit required. It has been officially estimated that of all dwellings financed through the housing bank the average contribution by the prospective owner has been 23 per cent of the capital cost. The actual amount of capital invested by the prospective owner varies considerably and is perhaps up to 30 per cent of capital cost for one-family dwellings, and about 15 per cent for flats in co-operative blocks; the latter amount has been estimated to amount to a little more than 50 per cent of an industrial worker's annual income. It has been officially calculated that for a family with an average income in Oslo (kr. 13,500) the rent of a flat with three rooms and a kitchen requires 16 per cent of the income if there is not more than one child, 13 per cent for a family with two children, 11 per cent for a family with three children and 9 per cent for a family with four children. These are the results produced by the amended system of financial aid in 1957. For families with not more than two children the percentage appears to have been slightly lower throughout the postwar period. In other parts of the country the rent/income relation is similar, if the rent rebate scheme taken into account in Oslo is applied; in most places both rent and income are lower than in Oslo.

Average housing density in 1950 at 0.96 persons per room was relatively good but about 5 per cent of households had more than two persons per room. Output in recent years has been sufficient to reduce existing shortages but demand is still unmet, primarily because of migration to urban areas.

- Portugal: of 18,000 dwellings erected in 1955, only 400 obtained direct public financial aid. These 400 dwellings included 200 for workers and fishermen as well as dwellings provided by the State. The workers' dwellings were provided for very poor families whose rents are estimated to have amounted to between 14 and 17 per cent of their income. The special dwellings for fishermen appear to have had similarly low rents. The dwellings provided by the State for tenant purchase were rented at from escudos 246 to 1,284/month and were intended for persons whose monthly earnings ranged from escudos 600 to 6,000. On average it was estimated that the annual charges amounted to between 23 and 25 per cent of income. The lowest rents appear to have been about 25 per cent

of the earnings of male workers in industry. In 1955 the average daily earnings of a male worker in the sugar-refining industry were escudos 40.2, i.e., about escudos 1,045/month and in the tobacco industry the corresponding earnings were escudos 35.3 and 918 respectively⁽¹⁾. These workers are among the better paid. It would appear, also, that an income limit of up to escudos 6,000/month would be up to six times the earnings of male workers in industry. The 200 dwellings, which receive rather less assistance than those already mentioned, are erected by co-operatives, social institutions and by the army. The rents of these dwellings in Lisbon are from escudos 250 to 810/month and the income of their occupants may not be more than six times that figure, with a concession provided the income does not exceed this limit by more than 20 per cent. Dwellings unaided except by tax concessions consisted in 1955 of 1,531 dwellings, the rents of which were controlled by municipalities, and 16,902 dwellings with uncontrolled rents. The rents of the former ranged from escudos 350 to 1,110/month, which at the lowest figure would be equivalent to 33 per cent of the earnings of a better-paid male worker. The rents of uncontrolled dwellings range from escudos 1,294 to 1,410/month and appear to be more than the earnings of male industrial workers.

About 20,000 to 25,000 dwellings would be required to meet the annual increase in population. In fact, in 1956 output exceeded 20,000 for the first time since the war. The general housing situation in 1950 was better than in other southern European countries. The number of dwellings per thousand inhabitants was in the neighbourhood of the western European average. The housing shortage as expressed by households sharing a dwelling seems to be concentrated in the Lisbon and Oporto areas.

- Spain: approximately 70 per cent of total housing output obtains public financial aid and of this approximately 50 per cent in most recent years has been provided by various public or semi-public bodies, about 40 per cent by private builders, and about 10 per cent by industrial concerns building for employees. In the aided sector four categories of houses are erected. What is described as social-type housing may not exceed 50 m² in floor area; the

(1) Estatística Industrial, 1955, Instituto Nacional de Estatística, Lisbon.

next category may not exceed 75 m^2 ; a third may not exceed 150 m^2 ; and the highest may not exceed 250 m^2 . The quality of the dwellings also varies. The total cost in the four categories in 1956 was pesetas $960/\text{m}^2$ in the lowest; 1,360 in the second; 1,600 in the third; and 1,840 in the highest. Information is lacking as to the number of dwellings erected in each of the categories.

The rents of dwellings erected by the public or semi-public bodies are from pesetas 100 to 140/month for the cheapest type of dwelling and about 1,500 for the dearest. During 1957 the average monthly income of an unskilled worker with one child was pesetas 1,200. Rents in the cheapest dwellings would therefore amount to between 5 per cent and about 12 per cent of income. The average income per month of office employees and members of the middle class in general is officially estimated to have been about pesetas 6,000 in 1957. Rents of dwellings in the category above the lowest would be in the region of pesetas 1,000, or about 15 per cent of income, which is stated officially to be the maximum proportion of income usually paid in rent.

Private builders erect about 40 per cent of aided housing. The private sector consists partly of houses erected with the aid of interest-free loans, and partly of houses erected with the aid of public low-interest loans and tax concessions. The former type of building requires a contribution from personal resources of 20 per cent, which would amount, in the case of a dwelling of the second lowest category with a maximum floor area of 75 m^2 and costing about pesetas 100,000, to about sixteen months' earnings of an unskilled worker, and to three to four months' earnings of an employee. In the case of the other type of private-aided building rents may not exceed pesetas 1,500/month and the contribution by the builder is raised to 40 per cent of cost.

The general housing situation is not good; there is a considerable amount of overcrowding and sub-standard property. Output in the most recent years, however, has been sufficient to meet current needs and reduce the shortage.

- Sweden: about 30 per cent of new dwellings are provided by non-profit-making bodies under the aegis of municipalities, 20 per cent by co-operative societies, 24 per cent by private firms and 26 per cent by individual owner-occupiers. Since 93 per cent of dwellings obtained public financial aid in 1955 the foregoing proportions apply generally to the aided output. Unaided dwellings are erected mainly by individual owner-occupiers and by a small number of private concerns

for letting. The annual rent of a flat with three rooms and kitchen built in 1955 by a non-profit enterprise in Stockholm has an annual rent, excluding heating, up to kr. 2,460 and kr. 3,150 including heating. If an office employee with an annual salary of kr. 15,000 occupies this apartment with his wife and two children, the exclusive rent would be 16 per cent of income, and the inclusive rent 21 per cent. A flat of two rooms and kitchen built in 1956 by a co-operative building society in a small town has an annual rent, excluding heating, of kr. 1,600 and, including heating, of kr. 2,100. If a worker earning kr. 2,400/year occupies this apartment with his wife and one child, the exclusive rent would be equivalent to 13 per cent of income and the inclusive rent 17 per cent. In addition, an initial cash investment of 5 per cent of the capital cost of the dwelling would be kr. 1,560, equivalent to less than two months' wages. An owner-occupied dwelling built in 1956 in a town in northern Sweden and containing four rooms and kitchen bears annual charges, less all allowances, of kr. 1,806. Where this dwelling is occupied by a work-study engineer, with dependent wife and three children, earning an annual income of kr. 11,800, the annual charges are equivalent to 15 per cent of income. In this case the amount of the owner's investment, excluding the value of the land, would be kr. 4,500, or between four and five months' earnings⁽¹⁾.

The down-payment on a co-operative flat represents from two to three months' wages of an adult male worker, and on a one-family house, four to six months' wages. The annual rent, excluding heating, of a new flat of three rooms and kitchen with normal subsidies, before changes in subsidy in the course of 1957, was somewhat more than kr. 2,000 and the annual cost for an owner-occupied one-family dwelling was about the same. The average annual income of an adult male worker in industry was about kr. 11,500 in 1956⁽²⁾. It would thus appear that the exclusive rent of the dwelling cited was between 17 and 18 per cent of the earnings of such a worker.

(1) The source of all data on rents and annual charges in this paragraph is Per Holm, Swedish Housing, The Swedish Institute, Stockholm, 1957.

(2) Based on average hourly earnings, Yearbook of Labour Statistics, ILO, Geneva, 1957, page 260. Total yearly hours worked are assumed to be 2,300.

Overcrowding due to small dwellings is the essential shortcoming in the general housing situation. There is also a high market demand for new dwellings with the growth of urbanization and the improved post-war rent/income relationship.

- Switzerland: less than 10 per cent of new dwellings have received public financial aid in recent years. A recent official report⁽¹⁾ concluded that in existing circumstances the housing market suffered from a grave shortage of dwellings at rents accessible to families of modest incomes. While it was considered that in the long run these needs might be met by a reduction of building costs, in the short run the re-introduction of financial aid by the Federal authorities to the cantons and communes for housing for families of modest means was necessary. The general housing situation is among the best in western Europe and output in recent years appears to have been high enough to improve it.

- Turkey: from one-quarter to one-third of housing in Turkey is by private builders with the aid of public loans. There is no programme of housing for renting provided by public authorities. The average cost of a dwelling is about TL 40,000 and the normal contribution from personal resources amounts to about TL 10,000. It is officially stated that the monthly earnings of a building labourer in 1956 were about TL 200, or a maximum annual income of about 2,400. The average contribution from personal resources would, therefore, amount to over four times the annual earnings of a building worker. Annual capital charges would amount to at least TL 2,000, equivalent to nearly 90 per cent of a labourer's annual earnings.

Official estimates have put the number of dwellings per thousand inhabitants in 1950 at somewhat less than 200 dwellings, which appears to be considerably lower than in any other European country for which statistics are available.

- United Kingdom: in the United Kingdom social housing is provided for rent by local authorities. In England and Wales the state subsidy is confined to one-bedroom dwellings and to dwellings provided to rehouse slum-dwellers and persons

(1) L'encouragement à la construction de logements économiques,
Commission fédérale du contrôle des prix, Bern, 1956.

moving to new areas. In Scotland, a state subsidy is given for all approved needs owing to the less favourable housing situation.

Assuming the cost of a typical local authority dwelling to be £ 1,700 the economic rent would at current interest rates be about £2.5s. The effect of the state subsidy and the subsidy formerly required to be given by the local authority amounting to one-third of the state subsidy, would be to reduce the rent to 32s/week. Local authorities are, however, free to determine rents of individual dwellings and for this purpose may redistribute subsidies in accordance with need. The unsubsidized rent in the example given above amounts to about 16 per cent of average earnings; and the subsidized rent to between 12 and 13 per cent. Local authorities, in addition, control over 3 million rented dwellings, making it possible to give older and cheaper dwellings to less well-off families. The average weekly net rent in three-bedroom, local-authority dwellings in England and Wales in 1956 was 15s/9d, equivalent to about 6 per cent of average male weekly earnings in industry.

Owner occupation of new dwellings may be undertaken with the assistance of loans from building societies, insurance companies or local authorities. The best terms available require a deposit of at least 10 per cent of the cost of the dwelling. A typical privately-erected owner-occupied house costs in the region of £ 2,500 and the minimum deposit required is therefore about £ 250, equivalent to about five months' earnings of an adult male manual worker. Charges at 6 per cent on loans extended by a building society for twenty-five years amount on such a dwelling to approximately £ 176, equivalent to 26 per cent of the average earnings of a male industrial worker in 1956.

The general housing situation is relatively good with, however, shortages in Scotland, London and big towns, and a considerable number of slum dwellings still to be cleared.

- Western Germany: social housing in western Germany accounts for about half the total output and is confined to those within a certain income limit and to houses not exceeding a certain size. The monthly income of the head of the household cannot exceed DM 750, with additions for dependent persons, which in typical cases would bring the limit in practice to about DM 1,000, which is somewhat more than twice the average earnings of a male worker in manufacturing industry in 1956. The object of giving financial aid is to provide housing at a rent which a large

part of the population can afford, with maximum levels fixed in most cases at DM 1.65/m²/month and DM 1.20/m²/month for specially low-income families. Additional and temporary assistance may also be given out of public funds to reduce rents still further in cases of hardship but the use made of this facility is small. Priority in the allocation of dwellings must be given to certain homeless families such as refugees and those who were bombed out. In practice in recent years about 60 to 65 per cent of all new dwellings built have gone to the priority classes. Some preference is also given to those with low income and in need of dwellings, but, in general, a policy is followed of endeavouring to rehouse poor families in older dwellings vacated by those moving to newer dwellings. For example, a special investigation carried out in this connexion in the Land of Hessen showed that one-quarter of the households surveyed were prepared to leave their dwelling for a new, larger and better-equipped dwelling, thus vacating satisfactory but cheaper accommodation for poorer families. In recent years about two-thirds of the social housing has been provided for renting, principally by non-profit housing societies and by individuals constructing houses containing one dwelling for themselves and one or more to be let. The average size of a social dwelling is 60 m² floor area, the monthly rent about DM 100, amounting to 22 per cent of the average earnings of a male worker and to about 10 per cent of the earnings of those earning the maximum for admission to social housing. The monthly rent of this dwelling at the special maximum for low-income families, i.e., DM 1.20/m², would be DM 72, 16 per cent of the income of the average male worker. In practice, however, average monthly rents tend to be less than the upper limit of DM 1.65/m² and in 1956 were estimated at about DM 1.20 to 1.30 roughly 16 to 17 per cent of the average earnings of a male worker.

Social dwellings for owner-occupation, which amount to one-third of total social housing, cost about DM 25,000 to 30,000. The minimum deposit is 10 per cent of cost, but may be as high as 30 per cent. It has been estimated that of all dwellings built by private individuals about 25 per cent were by workers and about 17 per cent by officials and employees. The deposits required for owner-occupation would appear to be at the minimum equivalent to six months' earnings of the average male worker, and perhaps four months' earnings of the better-off worker. The monthly charges on an owner-occupied dwelling of 80 m² are of the

order of DM 1.50/m², equivalent to DM 120/month, which is about 15 per cent of the income of a better-paid worker.

About 90 to 95 per cent of the remaining half of housing output is provided for owner-occupation or renting with the aid of substantial tax concessions. Here also about one-third of the dwellings are for owner-occupation, the balance being rented, mainly it would appear, by private individuals. Rents are from approximately DM 1.60 to 3.00/m², depending on size and equipment. On the assumption that the average dwelling measures about 80 m² the monthly rent would be from DM 128 to 240, and if the earnings of occupants were of the order of DM 1,000, the outgoings on rent at this figure would be from 13 to 24 per cent of income. Typical monthly outgoings on an owner-occupied house of 80 m², built with the aid of tax concessions, would be about DM 2.25/m², equivalent to DM 180 or 18 per cent of an income of DM 1,000. Charges or rents in the case of a dwelling of 80 m² which is entirely privately financed would be up to DM 300/month. The foregoing percentages of total income spent for rent or charges are paid on new houses only. For the existing housing stock, especially older houses, the percentage of income spent on rent is in most cases between 5 and 10 per cent or even less.

The general housing situation is characterized by a grave shortage, estimated at the end of 1956 at between 2.5 and 3 million dwellings. The increase in households and replacement require an estimated annual construction of about 250,000 dwellings. Since 1953 annual construction has exceeded 500,000 dwellings, so that arrears are being reduced at the rate of over 250,000/year.

Methods of public financial aid

In this part of the chapter the methods used to give public financial aid to housing in Western Europe are examined. A distinction is drawn between the type of public financial aid to housing which involves the disbursement of public funds and the type which does not.

Three separate approaches may be distinguished in the distribution of public financial aid to new dwellings. Some countries restrict such aid to a particular sector of the community, whether the limit is by income or other test. Other countries provide such aid to virtually the entire community without social or income distinction but differentiate sharply both in form and amount between that to lower-income classes and that to the rest of the community; often the

special aid for lower-income families takes the form of publicly or semi-publicly owned rented accommodation. The third approach is to provide the aid on roughly the same terms for the entire community, with limited special assistance in certain cases; this is usually associated with a policy of bringing owner-occupation within the means of all classes. Countries can be grouped on the basis of the principal characteristic of their methods of financing public house construction.

The countries where the first approach is characteristic appear to be Greece, Italy, Portugal, Switzerland, Turkey and the United Kingdom. In the United Kingdom, exchequer subsidies for newly erected dwellings are confined to dwellings built for the purpose of slum clearance, or in new or expanding towns, or those which have only one bedroom⁽¹⁾. In Greece, Italy, Portugal and Turkey direct public financial aid for housing is severely limited, mainly by general budgetary considerations; thus there is no alternative to confining this aid to certain social or income classes though many who are equally in need of public financial aid, owing to the unfavourable terms on which private credit is available for housing or low average earnings per capita, fall outside these categories. In Switzerland and the United Kingdom, on the other hand, there is a relatively well-supplied credit market capable of financing unaided house-building on good terms. In the southern European countries unaided construction involves heavy personal investment; in Italy in recent years personal investment has amounted to over 50 per cent of total capital investment in new dwellings as compared with 30 per cent in Switzerland. In Switzerland, owing to the relatively good housing situation, the ability of the credit market to finance a high volume of new construction on good terms and the high average earnings, it has been possible in principle to confine public financial aid to the lowest-income families⁽²⁾.

(1) It should also be recalled that public financial aid totalling £100 million is payable annually in respect of existing dwellings and that local authorities are free to build for general needs, redistributing existing subsidies, if necessary. State subsidies are still payable in Scotland, however, on new dwellings built for general needs.

(2) As already seen, however, not enough aided dwellings have been provided in recent years and it has now been decided to reintroduce federal aid for an additional number of aided dwellings.

If a person of modest income does not belong to the special classes now eligible for state financial aid in England and Wales his prospects of renting a new house may seem to be generally somewhat problematical. The vast majority of local authorities, however, should be able to continue to build houses to let at reasonable rents provided they pool existing subsidies and adopt rent differences which ensure that the subsidy goes only to help those families who need it. Since a typical new house financed with the aid of a loan from a building society involves a deposit of £ 250 and annual loan charges of £ 193, it might again be assumed that comparatively few working-class families are in a position to undertake the purchase of a new house through a building society. Many such families have been able, however, as a result of high family earnings, to purchase dwellings, new or old, partly because the interest on the mortgage can be set off against income tax. Some expectation exists that with the release of under-occupied dwellings as a result of the removal or relaxation of rent control, accommodation for such cases will become available. In addition, some "filtering-up" should result from the large-scale construction of new houses privately owned by the better off and financed through building societies.

The fact that public financial aid is confined in these countries to a limited sector does not mean that in all cases the aid is given to those most in need financially. For example, in the United Kingdom the state subsidy attaches to the dwelling and there are no income tests for the tenancy of a subsidized dwelling. It is only where local authorities - about one-seventh of all authorities - redistribute subsidies in accordance with need that individual financial circumstances are taken into account. In Italy aided construction other than state-erected dwellings are too expensive for low-income families; the income limit for these dwellings is very wide. In Greece, the bulk of aided construction is for earthquake victims without regard to economic circumstances. In Turkey only better-off workers can afford to avail themselves of public financial aid.

The second approach to the distribution of public financial aid is to provide some measure of assistance for all classes in the community without income restriction, but to differentiate sharply both in form and amount between public financial aid for special classes, usually income classes, and that for the rest of the community. The countries whose public financial assistance to

housing is organized in this way include Austria, Belgium, Denmark, France, Ireland, the Netherlands, Spain and Western Germany. Western Germany falls into this category since, while direct aid is confined to certain income classes, the tax concessions available generally are sufficiently important to warrant comparison with direct aid given by the other countries in this group. In the case of Spain, however, the difference between the aid given to public bodies and that given to private persons is rather small, and the official policy is to reduce the role of the public bodies. Under this system of distribution of public financial aid, the provision usually made for the special classes is rented accommodation. The origin of this approach to public financial aid is the absence of privately provided low-rented accommodation, and, often, a serious need for slum clearance by the public bodies concerned. The main purpose of such a method of distribution of aid is to ensure that the urgent needs of the lower-income classes are met. This is particularly important where slum clearance, which is unlikely to be achieved by private enterprise, is necessary. Whether in fact this purpose is attained will depend in practice on the system of allocation of dwellings and on the levels of rents and charges; sometimes the lowest income families are denied access to such new dwellings owing to high rents and they have to be rehoused in older dwellings. On the other hand, for less public expenditure, encouragement can be given to owner-occupation amongst those who can afford it. Most countries providing rented accommodation by public or semi-public bodies also offer special inducement to home-ownership by those eligible for such accommodation, but, on the whole, the response does not seem to be very great. The provision of special rented public or semi-public accommodation also raises the difficult problem of avoiding segregation between classes of the community. This question also arises, particularly in the case of Italy, among countries in the first group. Many of the countries building segregated lower-income housing estates are thereby engaged in slum-clearance. It is not usually practicable for them to devote the funds or the energies of public or semi-public bodies to the housing of better-circumstanced families, since this is necessary at the expense of lower-income families living in slums, particularly where the only alternative to public or semi-public rented accommodation is owner-occupation (something beyond the means of lower-income families). The removal of the social inequality of living in a slum is in

itself a big step towards social equality. The original one-class character of public housing estates tends with time to give way to a more varied composition as the social and economic status of many of the tenants improve. In the countries of the third group, in all of which public financial aid is based on the principle of non-segregation, either the slum problem is not acute, there are private or semi-private bodies active in the provision of rented accommodation, or all sections of the community are prepared to undertake owner-occupation. The special position of Belgium in this group may be noted. Apart from aided rented dwellings, state grants for owner-occupation are available without a direct income test. About half the dwellings are, however, erected without recourse to these grants since, if obtained, the dwelling cannot exceed 95 m² floor area and at least 60 per cent of the cost must be borrowed. The quantitative housing situation in Belgium is good and in these circumstances it appears that much of the new construction is undertaken by persons capable and desirous of improving already relatively high dwelling standards.

The third group of countries comprises those which give public financial aid on the same basis for all income classes of the community with, however, additional rent allowances to families with children. These countries are Finland, Norway and Sweden. The characteristic form of aid in the three countries is low-interest public loans (with an interest subsidy on private loans in Sweden) available in practice for everyone. This would approximate to the aid given to owner-occupiers, who do not normally include the less well-off workers, in such countries as Belgium, Ireland and the Netherlands. In the three Scandinavian countries, however, the object is to place owner-occupation within the means of all. A form of aid which would do this without distinguishing between the needs of particular classes would require so low a rent level as to be too costly for public funds. The three countries give rent rebates to families with children within income limits which, except in Finland, are relatively high. Here again the special needs of the very low-income families are not sharply distinguished from those with medium incomes. The effect of this system of aid is not to distinguish as closely between different income groups, as is done in Denmark, for example, where a distinction is made between "social-housing" within the social insurance income-limits, which qualifies for special annual subsidies and special rent rebates in respect of

children, and other housing which qualifies only for low-interest loans (together with tax concessions). The contrast is more marked with the position in, for instance, Ireland and the United Kingdom, where publicly-owned rented dwellings are available, the rents of which often vary with individual family incomes.

Financial aid not involving disbursement of public funds

Public financial aid which does not normally entail disbursement of public funds consists mainly of two types, the first involving the forgoing of revenue which might otherwise have been received, and the second the acceptance of contingent liabilities which usually do not have to be met. To the first category belong a grant namely of tax concessions; the principal example of the second is insurance mortgages or guarantees on private loans contracted for house-building.

Three kinds of tax concessions may be distinguished. Tax concessions designed to encourage the formation of capital or savings for housebuilding purposes are given in Austria, Belgium, Spain, and, above all, Western Germany. In Austria, the essential feature of the economy in so far as the financing of house-building is concerned is the deficient supply of cheap long-term credit. The credit institutions, purchasing banks and savings banks put their resources mainly at the disposal of industrial and commercial aid. Payments towards unallocated "building savings contracts" (Bausparverträge), qualify for income-tax relief but details are not available. In Belgium, profits used either for constructing social housing or for granting additional loans to staff members who have obtained a principal loan for the construction or purchase of a social dwelling are taxable up to only half their amount for the purposes of business tax. In Spain, a 90 per cent rebate is granted of the profits tax in industrial and commercial companies investing money in their own housing, or purchasing housing bonds; complete exemption from tax is also granted on shares and bonds issued by building societies and on housing bonds intended for new-restricted dwellings. Information is lacking on the amount of funds thus realized for housing in the foregoing countries. The main purpose of the concessions in Spain appears to be to encourage industrial and commercial concerns to provide housing for their workers. This is linked with the statutory obligation recently placed on new or expanding industrial undertakings to provide housing for a fixed proportion of their workers

or to meet a particular housing shortage. This obligation is part of the current housing policy designed to reduce reliance on public or semi-public bodies for the provision of housing and to stimulate activity in the field of workers' housing by private or semi-private agencies.

In Western Germany tax concessions in this category are both of a general and special type. These measures are part of a housing policy designed progressively to reduce the participation of public funds in house-building. The general concessions were of particular interest in the past when the capital market was weaker. The measures then taken were designed to encourage increased provision by the capital market of interest-bearing first-rank investment in house-building. Income-tax relief for savings paid under savings contracts to financial institutions of every type and for sums used in the first acquisition of mortgage bonds were part of this scheme. All savings of this type were time deposits. Under the influence of the fluctuations on the capital market the minimum period of investment changed from time to time. At present, such contracts are a much less important means of financing house-building since the capacity of the capital market is now satisfactory. Fixed interest-bearing securities, if issued at a low rate of interest, were not subject to income tax until 1 January 1955. The consequences of the foregoing concessions may be gauged from the fact that between 1950 and 1954 the total amount of savings in the form of savings deposits, mortgage bonds, new life insurance, and real-estate savings banks deposits increased from DM 2,300 million to 8,492 million. Sales of mortgage bonds alone increased from DM 210 million to 2,177 million, there being an increase of approximately DM 1,000 million between 1953 and 1954⁽¹⁾.

The special concessions comprise certain contracts made with savings banks or other financial institutions, mainly with a view to the financing of dwellings to be built for owner-occupation. While providing the savers with the means necessary for house- or apartment-ownership these contracts are of a special type in that they have a definite purpose. Deposits paid into builders' savings banks give within the limit of a certain ceiling a right to income-tax adjustments or,

(1) W. Fey: "House-building and Financing in the Federal Republic in 1954"
Federal Ministry for Housing, Bundesbaublatt, No. 4, Bonn, April 1955.

so far as people of low income are concerned, to building premiums which are granted under the provisions of a special law. These premiums range in amount from 25 to 35 per cent of the savings but they cannot go beyond an annual maximum of DM 400. Those paid to supplement deposits in real-estate savings banks increased from DM 28 million in 1952 to 190 million in 1956. If both savings and premiums are taken as a whole, the volume of the new capital realized had already reached more than DM 1,000 million by 1956. It can be seen, therefore, that the tax concessions granted in Western Germany to increase capital and savings for housing have been extremely important and that the greatly increased housing output since they were granted appears to be to a considerable extent explained by their magnitude.

The second category of tax concessions consisting of those designed to reduce the construction or acquisition cost of a dwelling, relate to tax, duties, fees and similar charges which have to be paid, usually on a once-for-all basis, in connexion with house construction or acquisition. These taxes are usually small but their cumulative effect can add heavily to the cost of house acquisition. In Norway there is exemption from a general turnover tax which represents 10 per cent of the value of a new dwelling. A similar relief in Finland amounts to between 2 and 3 per cent of the total value. Frequently similar special concessions are made to organizations associated with housing; they have the effect of attracting new members. In the legal procedure and the tax structure in western European countries there is a bewildering variety of stamp duties, taxes and fees payable in connexion with such matters as the conveyancing of land, the making of contracts, the purchase of materials, and the granting of building permits. Almost all countries make an effective indirect contribution to reducing the cost of housing by granting exemptions and reductions from all these impositions. However, there would appear to be much scope for efforts not only to relieve the financial imposition involved but to simplify the procedures. In this connexion may be mentioned also the fees payable in respect of professional services, e.g., legal and architectural, required in connexion with housing. Some countries appear to have been successful in arranging with the professional bodies concerned for special reduced standard fees for services rendered in connexion with social housing.

Among the third category, tax concessions designed to reduce the running costs of new dwellings, the most common is the partial or complete remission from the

various types of property or land tax payable in European countries.⁽¹⁾

In most cases the exemption is for only a limited period, and in no case is there provision for a progressive reduction. Thus the impact on the budget of the beneficiary is likely to be particularly heavy when the concession comes to an end, unless other outgoings on the house have been reduced, for example, through the repayment of relatively short-term loans. In many countries the concession extends to all new dwellings, irrespective of size and cost; in these circumstances an encouragement is given to costly dwellings for which there is no particular social justification. Other countries prefer to confine the concession to housing in receipt of public financial aid or to housing not exceeding a certain modest standard. When the concession is given without restriction the object is usually not so much social as the encouragement of building activity generally. The differential given indiscriminately to new dwellings may not always accord with the wider objectives of housing but may encourage new building in an area where there is a surplus of old dwellings. Often the rate of these taxes is uniform. As a result the tax on older dwellings can be increased by granting remission. The principal justification for this is that rents and charges for older dwellings are usually considerably lower - in the case of rents, usually by legal provision - than current costs and incomes warrant. The relief given bears no relation to individual economic circumstances. In Ireland and the United Kingdom full rates are levied on all local authority dwellings but the local authorities can use the rate fund to distribute rent subsidies amongst their tenants in accordance with need. To apply this principle generally would involve heavy administrative burdens and the raising of special housing subsidy funds by means of the tax; no country considers this to be justified. Furthermore, since the tax concession is in itself either a minor reduction in the running costs of a dwelling, compared with the direct public aid also given, or it applies to housing intended for those better off than the social housing sector caters for, the need to differentiate between individual circumstances is reduced.

(1) Particulars of the incidence and value of these are described earlier in this chapter.

Another tax concession to reduce the running costs of a dwelling which has origin in the fact that the income from or value of property is subject to income tax, is the income tax relief granted in respect of interest on mortgage loans contracted by house owners. In the Federal Republic of Germany an additional special income-tax concession to house-owners is given whereby 50 per cent of the cost of the dwelling may be deducted from taxable income within a period of twelve years. The value and effect of these income-tax concessions varies with the house-owner's liability to income tax. They are of most value to those liable to high income tax. Their importance as a form of aid to those who can least afford a new dwelling is small but such persons would not normally undertake owner-occupation. In Western Germany, also, tax-payers who extend from their business profits to these building projects aided by tax concessions, interest-free loans for low-rank investment for a period of at least ten years, can deduct part of these loans from their taxable income. The amount of the loans for which income-tax adjustments can be made is DM 10,000 per dwelling for dwellings situated in owner-occupied houses, and DM 7,000 for dwellings situated in multi-family houses, provided the dwellings are occupied by the staff of the lender's enterprise, or are part of a reconstruction project.

Mortgage insurance or guarantee is another form of public financial aid to housing which normally does not involve disbursement from public funds. The principle is that a public or semi-public body guarantees the lender against a loss on a mortgage loan. Two purposes are served. The first is the increased attractiveness of mortgages on housing as an investment and thus an addition to the supply of capital funds for housing. The second is to improve the terms on which a borrower obtains his loan and therefore to bring house purchase within the means of those unable to borrow on normal commercial terms. The United States, where the Federal Housing Administration and the Veterans' Administration provide mortgage insurance or guarantee on a large scale, provides the best illustration. At the end of 1956 44 per cent of the outstanding debt on non-farm, one-to four-family houses was covered by insurance or guarantee by these agencies. A recent study of urban mortgage lending in the United States⁽¹⁾ analyses the role of mortgage insurance or

(1) J.E. Morton: "Urban Mortgage Lending: Comparative Markets and Experience", National Bureau of Economic Research, New York, Princetown University Press, 1956.

guarantee by the two agencies and states that "the increase in the proportion of the mortgage debt held by institutional lenders can be traced to the fact that the Federal mortgage loan insurance and guarantee programmes have given residential mortgages a higher investment quality than previously possessed". There is also reference to the change-over by some credit institutions, particularly commercial banks, from non-amortized loans which were usually renewed periodically to fully amortized loans. In this connexion the author states that "the change that came with the initiation of federal mortgage loan insurance was nowhere more striking than in the adoption of full-amortization repayment plans". Information is lacking as to the effect that the mortgage insurance or guarantee has had on the loan-to-value ratio, but the same author shows that in 1947 approximately one-half of the home mortgages held by life-insurance companies and one-third of those held by banks had loan-to-value ratios of 80 per cent or more. As to the type of borrower availing of mortgage insurance or guarantee, it is pointed out that for mortgages outstanding in 1950 on single-family, owner-occupied homes "conventional mortgage loans predominated both among borrowers of low socio-economic status, those with incomes of \$ 2,500 or less, and those listed occupationally as operatives, service workers, and labourers - and among the small group at the upper end of the scale, the self-employed managers of business firms".

Mortgage insurance or guarantee on the United States model appears to exist in seven European countries, namely, Austria, Belgium, Ireland, Italy, the Netherlands, the United Kingdom, the Federal Republic of Germany. Particulars available on the extent of operations under the various guarantees given show that in Austria the Länder have assumed sureties for mortgage loans to the total amount of Schillings 9.5 million, compared with total house promotion funds of about 270 million expended in 1955. In Ireland mortgage insurance has been taken advantage of in few cases. In England and Wales, guarantees were given for 16,000 dwellings in the year ending 31 March 1956, compared with direct loans made by local authorities for the construction of 15,000 dwellings in the same period and a total output of owner-occupied dwellings of about 120,000;⁽¹⁾ the guarantees were given, however, both for the

(1) Report of the Ministry of Housing and Local Government, London, 1956 HMSO Cmd. 193.

acquisition of old dwellings and the construction of new. In Western Germany the Federal Government was authorized in 1950 to give guarantees up to DM 100 million, and in 1956 up to 500 million, but so far little use has been made of these provisions; first because the Federal guarantees are secondary in importance to those given by the Länder, and secondly because the supply of funds available from the capital market is not yet sufficient.

It appears that the main purpose of mortgage guarantees in Europe has been to bring owner-occupation within the means of those who would otherwise look for publicly provided rented accommodation. It has been seen that mortgage insurance in the United States appears to have had a positive effect but the problem in European countries, so far as the supply of adequate capital funds for housing is concerned, is a deeper one that can be solved by mortgage insurance. For example, in Austria, the limited funds available from credit institutions for investment in housing have severely limited the mortgage insurance operations. In Ireland the comparatively limited use made of mortgage insurance is due to the fact that the institutions concerned have had to curtail, and in some cases suspend, their mortgage business owing to insufficient funds. On the other hand in the United Kingdom, where the funds available to building societies for advances in 1956 on new and old dwellings amounted to £ 340 million, the mortgage guarantee has not been extensively used. It is not clear to what extent in the Netherlands and Western Germany mortgage insurance plays an important part in increasing housing output and bringing owner-occupation within the means of those with lower incomes. In fact mortgage insurance as a special instrument for the promotion of house-building is officially stated to be of no importance in Western Germany. Mention may be made of objections raised in some countries to mortgage insurance. In Norway, a Committee on housing finance which recently reported to the Government advised by a majority decision against departure from the current method of financing housing entirely by the state housing banks, in favour of either a system of partial public financing, combined with first-rank mortgages raised in the capital market, or a system whereby the state would merely act as guarantor with the whole of the loan made available by a bank or other lender. The reason was that a good arrangement for financing housing assumes a steady flow of capital forthcoming at a reasonable rate of interest which does not fluctuate with the rate on the money market. The rate on existing loans should also be proof against unduly abrupt fluctuations in the level of interest generally. The Committee came to the

conclusion that it would be more difficult to achieve these aims if present arrangements were replaced by "top financing" or a credit guarantee system. The Committee also considered reliance on private credit institutions by means of a mortgage guarantee impracticable in many areas of the country where such institutions did not exist.

Financial aid involving disbursement of public funds

In considering the methods of giving direct public financial aid, rented and owner-occupied dwellings are treated separately. The discussion of the former is divided into three categories, depending on whether the rented dwellings are provided by public authorities, other non-profit bodies often of a semi-public character or private persons. The provision of publicly-owned rented dwellings is of most importance in Austria, Ireland, Italy, the Netherlands and the United Kingdom. The agencies are the City Council of Vienna and communes in Austria, the local authorities in Ireland and the United Kingdom, the State and local government bodies in Italy, and municipalities and housing associations in the Netherlands. In the last-mentioned country, the financing of the housing associations, which are non-profit bodies under municipal control, does not differ from that of municipal housing; in particular, the public authorities are responsible for finding all the capital required.

As has been seen, the sources of capital for this type of housing vary from country to country. The State finds all the capital in Ireland, from borrowings, and, in the United Kingdom, the bulk of it from the budget surplus. In the Netherlands the entire capital was until 1958 raised in the capital market directly by the municipalities but since 1 January 1958 the State has raised all the capital. Capital which is not provided by the State in the United Kingdom is raised on the market. In Austria and Italy the capital is mainly raised by taxation. In Austria the Vienna City Council and communes obtain part of the capital from Federal funds and part from their own revenues. In Italy state housing is financed out of general revenues and the local government housing by loans from a semi-public credit institution. In Ireland and the United Kingdom the loan capital is provided at economic rates of interest; these were at the beginning of 1958 5.75 and 6.75 per cent, respectively. Market rates were also charged in the Netherlands up to 1957/1958 when, with the rise in the rate, the State finally intervened, from 1 January 1958, to supply the capital at 4 per cent while borrowing at 6 per cent. In Austria, 1 per cent interest is charged on the Federal loans the funds for which

are raised by taxation. No interest is charged on capital used for state housing in Italy but the semi-public institutional funds loaned to local government bodies bear interest at 5.8 per cent. Rents are reduced first by long periods of amortization, i.e., seventy years in Austria for Federal loans, fifty in Ireland, and fifty in the Netherlands (seventy-five for land costs) and sixty in the United Kingdom. In Italy rents in state housing include 0.5 per cent repayment of capital costs; the loans by local government bodies are repaid over forty years. In Ireland, in Italy for local government housing, in the Netherlands and in the United Kingdom the main reduction in rents is obtained through a special annual payment by the State. In Austria, the nominal rate of interest is the main method of reducing rents.

These dwellings are legally reserved in Ireland and Italy for working-class families, with priority in both cases for slum-dwellers and others in greatest need. There appears to be no similar legal reservation in Austria and the Netherlands where, however, by administrative practice lower-income families in need of rehousing obtain priority. In the United Kingdom, local authority dwellings may be occupied without any test other than housing need, but new dwellings qualifying for state subsidies in England and Wales are reserved for slum-dwellers and certain other categories, irrespective also of income or occupation.

Except in the United Kingdom, therefore, consideration is given to general economic circumstances in allocating these dwellings. In the United Kingdom the emphasis is on housing need and it is only in the minority of cases where a local authority is prepared to redistribute subsidies in accordance with individual need that these are related to the economic circumstances of the tenants.

In Ireland and the United Kingdom local-authority dwellings may have rents which, when accommodation is allocated and during the tenancy, vary with the economic circumstances of the tenant. These systems involve redistributing the subsidies payable per dwelling in accordance with individual family income, those who can afford it paying the economic unsubsidized rent and others, where necessary, paying only a nominal rent. In practice, the rental income is usually higher under such a system than if all tenants paid a flat rent. The main immediate advantage is that the poorest family can be rehoused, whereas a flat uniform rent can rarely be low enough to enable the very poor families to be rehoused. The unified control of the dwellings makes differential subsidizing administratively practicable.

Rents of this kind are charged in the majority of local authority dwellings erected in Ireland since the war; in the United Kingdom one-seventh of local authorities operate such renting schemes. In the other countries a uniform flat rent is charged in all cases so that within a broad income or social class all tenants pay the same rent for the same dwellings.

Where financial need is taken into account in first allocating these dwellings, the problem of the duration of the subsidy arises. Specific provision appears to have been made only in Ireland and the Netherlands for the reduction or withdrawal of aid in the event of a general improvement in the financial circumstances of tenants. In Ireland, the subsidy is expressed as an amount not exceeding certain percentages of loan charges, and, in theory, therefore, need not be paid for the full fifty years at the maximum rates. The maximum subsidy is in practice paid only where the deficit on each housing account, in the light of rent receipts, is not less than the maximum subsidy. This is of particular importance in view of the system of increasing or reducing rents with a rise or fall in income, so that the subsidy is automatically reduced if rent receipts increase with rising incomes. In the Netherlands, the annual state subsidy may be paid for a maximum of fifty years, but it is not envisaged that it will be paid at the same rate for the maximum period and power has been taken accordingly. In Italy and the United Kingdom, on the other hand, the amounts are expressed as a fixed unalterable sum and in the normal way would require to be paid for the full forty and sixty years respectively, even if rental income were to increase. The state controls the rent level of public housing and, in the event of rent increases, the subsidy is reduced by the amount of the increase. Such rent increases are made when the level of rent of the new houses falls below that of comparable pre-war dwellings. The rent of the latter category has been increased several times by law in the post-war period and is now 185 per cent of the 1940 level; public housing in 1950 was at a rent level of 145 per cent of the 1940 level for comparable houses, so that subsidies paid on such houses have since been decreased.

It appears that except under the differential rent systems in Ireland and the United Kingdom no specific provision is made in the financing of these dwellings for withdrawal of subsidy where the financial circumstances of individual tenants so improve as to make a subsidy unnecessary.

The amortization period used in calculating the rents is, except in Italy, less

than the probable technical life of these dwellings. Lengthening the amortization period, however, to, say, 100 years would reduce the annual charges by only perhaps 0.2 or 0.3 per cent of the capital cost in Ireland and the United Kingdom and by at most 0.5 per cent in the Netherlands. The annual subsidies amount in Ireland to about 5 per cent, in the United Kingdom to about 1.8 per cent and in the Netherlands to about 2.2 per cent in typical cases. Thus extension of the amortization period would reduce the need for other subsidies only fractionally. Such a reduction would, however, represent a saving in the loss to public funds through annual subsidies (provided the borrowing terms did not deteriorate during the extended amortization period). A similar saving can, however, be achieved through applying to the reduction of subsidies the profits resulting from the shorter amortization period. For example, in the Netherlands the profits from fully amortized dwellings are used to repay subsidies and in Ireland and the United Kingdom to reduce local-authority subsidies to new dwellings.

The public authorities or the housing associations in the Netherlands are responsible for the repair and maintenance of these dwellings. This expense appears to be met out of current revenue, no special repair funds being maintained. This in itself often makes it difficult to apportion sufficient funds for repairs and maintenance. The main difficulty, however, has been, as with privately-owned dwellings, to keep up repairs and maintenance during a period of rising costs and restricted rents. It appears that, as with privately owned dwellings, adequate maintenance is best ensured when the income from the dwellings keeps reasonably in step with maintenance costs.

The provision of aided rented dwellings by non-profit-making bodies other than public authorities is predominant in Belgium, Denmark, France, Spain, Sweden and Western Germany and is of considerable importance in Austria and Italy. The principal agencies are co-operative societies of workers in Austria, the Société Nationale du Logement in Belgium (a statutory semi-public body which controls a large number of local societies throughout the country), housing societies in Denmark and in Sweden under the aegis of municipalities, the trade-union housing agency in Spain catering for trade-union members, HIM organs in France often associated with industrial firms, INA-Casa in Italy and non-profit housing societies in Western Germany. The extent to which these bodies receive public loan capital varies considerably, depending on the extent to which the capital market or other

sources of capital funds are available. In Sweden and Western Germany, where the resources of the capital market are considerable, the public loan capital provided is on third mortgage; in Sweden 30 per cent and in Western Germany up to 40 per cent. In Denmark, where the resources of the capital market are less extensive, public loan capital on second or third mortgage usually represents about 60 per cent of the total capital of the housing societies. A down-payment of 6 per cent is normally required from the tenant. A number of Federal and L nder funds exist in Austria for the purpose of making the loan capital available for this type of housing, and the amounts vary at 30, 60 and 90 per cent of capital cost. A down-payment of 10 per cent is normally required from the tenant. In Belgium, the SNL finances up to 100 per cent the building programmes of its approved societies. In Spain, the National Housing Institute provides loans up to 95 per cent of the capital cost to the trade union housing agency and certain other non-profit bodies. In France semi-public loans of from 75 to 90 per cent of the capital are provided for HIM organs but their amount is limited. In general, therefore, this type of housing envisages participation of capital funds from market or other sources and in a few cases from down-payments by the tenants.

Except in Denmark, Sweden and Western Germany the main form in which public financial aid is given to this category of housing is by low- or no-interest capital. In Denmark, however, where the interest rate on the public loan is equivalent to the long-term yield on state bonds, annual subsidies are paid together with special subsidies for families with children. In Sweden, the interest rate on the public loan is 4 per cent, which is about 1 per cent below the yield of long-term state bonds. In addition, a small portion of the cost is, in most cases, financed by a supplementary public loan free of interest and amortization for the time being. Rents are further reduced by interest subsidies on the private loan capital and by allowance to families with children. In Western Germany low-interest public loans and interest subsidies on private loans can be obtained and there are important tax concessions.

Eligibility for tenancy of these dwellings is dependent on an income test in France, Italy and Western Germany. The limit is fairly wide, reaching, except in Italy perhaps, half-way up the income scale. In Italy the limit is wider and housing need is the determining factor. The INA-Casa dwellings, however, are confined to persons who have paid at least one month's contribution under the

special INA-Casa tax levied on wages and salaries. In Denmark, priority in the allocation of these dwellings is given to those earning up to as much as a fully-employed skilled worker but, in practice, this limit is sometimes exceeded. In the other countries, no income or social tests are applied except that the Trade Union Agency for Homes in Spain in practice builds only for trade-union members.

In Austria, Italy and Spain uniform rents are charged for comparable dwellings without regard to the individual circumstances of the tenants. In Belgium, Denmark, France and Sweden special rent rebates are given to families with children. As these rebates are dependent on the size of the dwelling being adequate, they are to some extent designed to offset the higher rents payable for necessarily bigger dwellings. In Belgium, in addition, social-welfare assistance to pay rents is obtainable by families in need. In Western Germany rents for such dwellings may not exceed a certain figure and there is also a lower ceiling for tenants whose income does not exceed an amount which at most is half the over-all limit. Special additional assistance may be obtained from public authorities in cases of hardship. These low-income families have second priority for these dwellings after war victims.

No provision appears to exist, in the countries where an income test applies for admission to these dwellings, for withdrawal of the subsidy where the income qualification is subsequently lost except that where rent allowances are granted, dependent on income and number of dependent children, these will be changed in accordance with individual circumstances.

Some specific provision exists for withdrawal or reduction of the subsidy in the event of a general improvement in rent-paying capacity. Thus in Sweden the supplementary loan, free of interest and repayment, may be required to be repaid after ten years if the general rent-paying capacity warrants it. Similarly, existing interest-subsidies on private loans may be reduced. In Belgium, Spain and Western Germany the legal level of rents in these dwellings is controlled by public authorities and can be raised whenever considered necessary with, presumably, a consequent reduction in subsidies from public funds. In Denmark it is apparently envisaged that the annual subsidies will continue to be paid for approximately fifteen years and will then cease. It is then expected that the rents can be borne by the tenants without annual subsidies. In Austria and France no specific provision appears to have been made to reduce the subsidies or increase the rents

should the general rent-paying capacity warrant it.

A problem associated with this type of rented accommodation is how to control the profits which may emerge at any stage from the running of these dwellings and would in any event arise when the loan capital has been amortized. In Denmark surplus funds accumulated, especially through amortization, cannot be passed on to the tenants but must be set aside for the construction of new dwellings. In the Netherlands, housing associations (treated above with municipalities) must repay state subsidies out of the profits of fully amortized dwellings. Non-profit housing of this type may also offer some advantages from the point of view of maintenance since special funds would tend to be accumulated on each unit. Provided there is adequate assurance that such funds will be properly and promptly expended, some advantage may be seen in this respect in this type of housing compared with publicly-owned dwellings where usually special repair funds are not accumulated.

The provision of rented dwellings by private builders with public financial aid is important in Denmark, Sweden, Spain and Western Germany. Similar aid is given to private builders for letting in France, Ireland and the Netherlands. In Austria and Belgium it is not given to private builders.

In Sweden, Spain and Western Germany the method of financial aid to privately-owned rented dwellings does not differ from that to non-profit builders, except that normally a considerable personal investment is required. In Denmark, however, annual subsidies are not given to this type of housing; instead a public loan of an amount requiring a personal investment of 25 to 30 per cent of the cost is provided at a reduced interest rate. In Ireland, France and the Netherlands public financial aid to this type of housing differs from that given to non-profit housing. In Ireland and the Netherlands the system is one of lump-sum grants; no aid is given by way of public loan capital. In France, annual subsidies for twenty years and special loans from semi-public funds at economic rates of interest are given.

In no case, except for social housing in Western Germany and for specially increased annual subsidies in France, are the financial circumstances of the tenant made a condition of this aid. Normally, however, the aid is given subject to control of the rents by public authorities. There is no provision in Western Germany and France for withdrawal of the subsidies where the original income qualification is lost.

The possibility of withdrawing or reducing the subsidy if the rent/income relationship should improve sufficiently is envisaged in Denmark, where the aid is by means of an interest subsidy and in Sweden, where in addition to reducing the interest subsidies, the interest and amortization-free supplementary loan may be required to be repaid after ten years. In Spain, the rents of aided dwellings are subject to review every five years and presumably an increase in rents will reduce the state subsidy.

In a few countries, particularly Sweden, Spain and Western Germany, employers provide a significant amount of housing in this category. In view of the deficiencies of the capital market in most countries, the existence of the large funds held by industrial companies is a source of financing for housing that can conveniently be tapped. In the case of Sweden, which may be cited as an example, an appreciable amount of housing appears to be provided by industrial and commercial firms for their workers with the aid of public loans and subsidies, but also with a substantial contribution from their own funds. The possibilities in this connexion are illustrated by the fact that for the period 1950 to 1952 about half of 760 enterprises invested less than they saved, the excess of saving being kr. 550 million a year.⁽¹⁾ In Spain, new industrial undertakings are obliged to provide housing for workers. In Belgium, efforts to encourage industrial firms to provide housing have not been very successful; the traditional desire for home ownership may be a limiting factor. Some doubt may be raised as to the merits, particularly in undeveloped countries, of placing on industrial firms an obligation, whether specific or implied, to house their workers. In these countries the problem of establishing new industries gives rise to great difficulties and it may be that industrial development might be better facilitated if public authorities were to provide housing. Policies designed to influence the location of industries might also suffer if, for example, provision of housing in undeveloped areas were to be left to industrial firms wishing to establish themselves there.

Where direct public aid is given to owner-occupation, two general approaches may be distinguished. In some countries it does not materially differ from that for rented accommodation; the extent to which the latter is given to those who cannot afford owner-occupation depends on the existence of bodies or persons prepared to provide such accommodation. Examples of this approach may be found

(1) Economic Survey of Europe for 1955, ECE, Geneva, February 1956,
(E/ECE/235) page 92.

in Austria, Norway, Spain, Sweden and Western Germany. In other countries, special public financial aid is given for rented accommodation for lower-income families and the aim of the aid for owner-occupation is not essentially to bring it within the means of all income classes, though some additional aid may be given to encourage owner-occupation among the better-off workers. In these countries specially favourable public financial aid is given for rented accommodation, such as occurs in Belgium, Ireland and the Netherlands. A further distinction is that in all countries, except Italy and Western Germany, the direct public financial aid for owner-occupation is available without income test, with the principal exception of the family allowances in certain countries payable to tenants as well as to owner-occupiers. In Italy all direct public financial aid for owner-occupation is confined to persons within an income limit which, nevertheless, is very wide; in practice, however, public and semi-public bodies provide dwellings on tenant purchase terms for working-class families. In Western Germany, owner-occupation undertaken by persons within the income limit for social housing obtains public loans and other direct aid while the other owner-occupiers obtain tax concessions only. In countries where a general form of direct public financial assistance to owner-occupiers is available without income distinction, special additional aid is given to certain classes usually distinguished by income level. Examples are that given for owner-occupation through the Large Families Housing Fund and the Small Holders Housing Society in Belgium, the higher annual subsidies to low-income families in France and in Ireland and the Netherlands, the special supplementary grants to persons who otherwise might be expected to look for rented accommodation from public authorities.

The existence of an income qualification for aid at the time of rehousing might give rise to difficult problems if, as may often be the case, the limit were subsequently exceeded during the occupation of the house. It would seem illogical and inequitable that aid given on the basis of income should continue after the qualification has been lost. In contrast with the position relating to rented dwellings controlled by public or other non-profit bodies, most countries appear to regard withdrawing aid from owner-occupied houses in such circumstances as presenting grave difficulties. Family allowances given in certain countries are, however, a form of aid readily variable with the changing economic circumstances of the individual. Another consideration appears to be that the savings made by confining public financial aid for owner-occupation within an income group would,

given the normal range of incomes amongst persons willing to avail themselves of this aid, be small since the disadvantages attached to such aid are usually such as to deter the better-off owner-occupiers from applying for it. These arise as a rule from the relatively small size-limit or the relatively low cost-limit imposed on dwellings which qualify for the public financial aid. In addition, in most countries, demand for public financial assistance is so great relative to the amount available that long delays are usually involved in obtaining it. In such circumstances, persons who can afford to do without the public financial aid do so rather than postpone the erection of their dwelling. In a few countries the confining of public financial aid for owner-occupation to income classes is objected to because it distinguishes between different classes in the community and leads to segregated housing development.

It has been noted that in some countries public financial aid for owner-occupation does not differ materially from that for rented accommodation. The purpose in such cases is to try to bring owner-occupation within the means of all classes. To do so by a single uniform system of public financial aid would involve so low a general average of annual charges that many families would obtain more public financial aid than they really require, and, in fact, no country does this. The general solution to the problem in the countries concerned, for example, Norway and Sweden, is to provide in addition to a general uniform system of aid, special assistance for economically weak families distinguished by such characteristics as the number of children. On the other hand, where special provision is made for rented accommodation, for instance in those countries where public housing is extensive, public financial aid to owner-occupation tends to be simpler and more uniform since usually the burden of annual charges, relative to the assistance given, is greater than the paying capacity of a large section of the community. In such cases, however, it is usual to try to encourage owner-occupation among the better-off workers by special assistance; this has been noted in Belgium, the Netherlands and Ireland. On the whole, such arrangements do not appear to be markedly successful in encouraging owner-occupation amongst the lower-income families, except perhaps in Belgium, where the desire for owner-occupation appears to be strong amongst all classes of the community.

Except in the Netherlands, where loan capital for owner-occupation is raised in the capital market, public financial aid to owner-occupation includes loan-

capital aid. The provision of loan capital for housing by public authorities gives rise to aid in three forms. First, there is the provision of the loan itself, presumably because it cannot be obtained from private or market sources. The amount of the total capital cost which the public loan represents varies in accordance with the possibilities of obtaining capital from other sources. Only rarely, as, for example, in the case of state employees in France and mine-workers in Belgium, is the full capital cost loaned from public or semi-public funds. The public or semi-public loan represents the entire loan capital in Belgium, Italy, Ireland and Norway and usually in France and Spain. In other countries the public loan is often on a lower-rank mortgage, a first and often a second mortgage being obtained in the private market.

Apart from the amount of loan capital, the rate of interest and the amortization rate attaching to public loans may or may not also constitute direct public financial aid. The rate of interest on public loans appears in all cases to be more favourable than on private loans since at the maximum rate of interest charged they usually represent the long-term yield of state bonds and are, therefore, from 1 to 1.5 per cent below the market rate, reflecting the ability of the state to borrow on more favourable terms than on the private market. The majority of countries, however, appear to give public loans for housing at a rate of interest below the long term yield on state bonds. Only in Denmark (for social housing), France, Ireland and Italy do public loans normally appear to be made at market rates of interest.

Amortization periods of public or semi-public loans vary but in most cases are longer than those ruling in the private market. Amortization periods of twenty to twenty-five years are allowed in Belgium and France. To an intermediate category with an amortization period of from thirty-five to fifty years belong Denmark (thirty-five years - non-social housing), Finland (thirty-three to forty-five years), Ireland (thirty-five years), Spain (fifty years) and Sweden (thirty-five years). Only in Norway and Western Germany, where amortization rates of about 1 per cent are allowed, does the amortization rate accord with the probable physical life of a home. Austria, where loans of up to seventy years are granted, is virtually also in this category. In Denmark, the amortization of public loans for social housing will not start until 1971, when the bulk of the annual subsidies will have been withdrawn; then amortization will be over forty-five years, corresponding, in

effect to a total amortization period of nearly sixty years.

Norway affords the best example of a country where an amortization period equivalent to the technical rate of depreciation is used as a matter of principle. It is considered that shorter amortization periods allied to a heavier subsidy from public funds give rise to private gain at the expense of these funds, since the beneficiary becomes the owner, after a comparatively short period, of an asset the cost of which to him has been reduced by public subsidy. On the other hand, by an amortization period which is equivalent to the technical rate of depreciation, the annual charges are reduced without a corresponding loss to public funds while the beneficiary does not become outright owner of an asset the value to him of which has been enhanced by public financial aid. In this country, however, the bulk of output is for owner-occupation and the object of public financial aid is to bring owner-occupation within the reach of lower-income classes who in other countries are provided with rented dwellings owned by public bodies or other non-profit bodies. In the latter countries the profit from a fully-amortized rented dwelling rests with public or other non-profit bodies, to be used for housing purposes. An important exception to this, however, is the tenant purchase sale of state and INA-Casa dwellings in Italy which represent a considerable profit to the purchasers, given the difference between the terms of the purchase and the terms in the private market. Since owner-occupation in the latter countries is usually intended for families better-off than those obtaining rented dwellings, the need to reduce annual charges is not so great. Nevertheless, the lengthening of particularly short amortization periods would appear to reduce annual charges sufficiently without further public financial aid and thus without loss to public funds; in other cases the extension of loan periods would not dispense with the need for substantial aid in other forms. The granting of public financial aid mainly by exceptionally long amortization periods on public loans would, however, not be practicable where loan capital from the private market only is used. The need to take an exceptionally long amortization period in order to achieve bearable annual charges might have the effect of deterring owner-occupation amongst those attracted by the prospect of ownership in their own lifetime. This would be an important factor in countries where the alternative of rented dwellings owned by public or non-profit bodies is available. The possibility of a decline, due to changing standards, in the value of the dwelling over a very long period is regarded in some countries as likely to

prove a deterrent to personal investment associated with a greatly-extended amortization period. For the same reason the security for a public loan, particularly where it is the entire loan capital, could be gravely affected. It is also arguable that the fact that complete ownership of the dwelling is never achieved may reduce incentives to keep the dwelling in proper repair. Extended amortization periods need not reduce the turnover of capital (an important factor in countries where capital funds in relation to investment needs are low) if at the same time other subsidies, such as capital grants or reduced interest rates, are avoided. In some countries, for example, Norway and Sweden where all aid given is capable of being subsequently adjusted, power is retained to increase the interest rate on existing loans should general economic circumstances warrant; in most countries, however, specific provision has not been made for this. It is apparently envisaged that where specially favourable interest rates are extended at the outset they will continue to be paid until the loan has been repaid. In Western Germany, for example, it is specifically provided that the interest rate on public loan when granted cannot be increased subsequently or interest charged on a no-interest loan; it is envisaged, however, that other forms of aid such as interest or repayment subsidies for private loans will be varied in order to undertake quasi-compulsorily a revision of the then existing relationship between the levels of income and rent. This is considered necessary in order to avoid the continuance of aid no longer needed and to avoid the splitting up of the housing market by subsidies related to costs and incomes at different periods.

In Belgium, Ireland, the Netherlands, Norway and Sweden, capital grants are generally available for dwellings not exceeding a certain size and/or cost limit. Such grants are also paid to a limited extent in Austria. The amount of the capital grant varies, presumably with each country's assessment of the amount suitable having regard to the other forms of aid made available and the level of incomes. Certain additions to the basic state grants may be made in Belgium, in respect of children, and in Ireland and the Netherlands, in respect of low-income families. Capital grants were introduced at a time of suddenly inflated building-costs and were designed to offset costs which were unremunerative given the expectation that building costs would fall again. Their purpose at the time was to provide an assurance to those undertaking house construction that a substantial part of what was regarded as an artificial building cost would not mean a loss when

prices fell to a more permanent level. Where, however, building costs can be regarded as normal, the importance of a subsidy to reduce the annual charges on a dwelling in accordance with need, as distinct from one to offset a temporary inflation in initial costs, is re-established. It is difficult to ensure that a free capital grant will effectively reduce the running-costs of a dwelling without detailed price control to ensure that neither building-costs nor profits are inflated. If capital grants were to be fully effective in reducing running-costs, it would be necessary to adjust them from time to time in accordance with changes in costs and in particular in interest rates. In fact, capital grants appear in most cases to have remained unchanged during the post-war period.

In considering the form of federal aid to be re-introduced as from 1958, the Swiss authorities decided that a free capital grant was inadvisable in present circumstances, since it was difficult to adapt it to subsequent changes in the financial needs of the beneficiary; they decided instead to use interest subsidies.⁽¹⁾ In Norway and Sweden, the capital grants are expressed as repayable loans on which repayment may commence after ten years. Presumably if after ten years it is considered that repayment of the supplementary loans cannot be readily borne, having regard to the level of incomes, repayment will be postponed or remitted. The giving of capital grants on a recoverable basis is designed to avoid a loss to public funds which would be unwarranted in the event of an eventual improved rent/income relationship arising from increased real incomes. Other countries, where the capital grant is the principal or the only aid, consider that the possibility of the repayment of such grants would introduce an element of uncertainty which would tend to deter private investors in housing and that it would be necessary to give bigger grants to offset this. It is thought, also, that the private owner would regard the claim of the state on his dwelling as a hindrance to the sale of the house.

In Sweden and Western Germany, in addition to the other forms of direct public financial aid already discussed, assistance is given in the form of an interest subsidy to reduce the rate of interest on private loans. In both countries, public

(1) Message du Conseil fédéral à l'Assemblée fédérale, No. 7448, Bern,
28 June 1957.

loans to housing form a minor portion of the loan capital and the interest subsidy is given in the first place in order to facilitate recourse to the private credit market. In Sweden a further object of the subsidy is to make possible a guaranteed rate of interest on private loans and thus give stability to interest rates on housing at a level appropriate to costs and incomes. In both countries the subsidy is regarded as variable in the light of changes in the rent/income relationship. Thus in Sweden in 1957 the guaranteed interest rate on old as well as new loans was increased in the light of the existing rent/income relationship; at the same time family allowances were increased in order to avoid hardships on economically-weak families. As already seen, the Swiss Federal authorities decided to adopt interest subsidies as a form of federal aid from 1958 onwards. It was decided that this system had the advantage of relating assistance to individual need in that it could readily be adapted to changes in the income of tenants, without the inconveniences of operating such a system directly. If the qualifications for the original grant of the aid were lost but the owner wished to retain the tenant, no repayment of capital would be required; the aid would simply be discontinued. If sufficient capital were not available in the private credit market, the Federal authorities would provide the necessary capital indirectly through the credit institutions at market rates of interest rather than give public loans at reduced rates. Thus the association of capital financing with subsidy would be avoided which, apart from reducing administrative work in connexion with the loan repayments, would facilitate a return to private market financing when the supply of capital improved.

Annual subsidies are paid in Denmark, France and Italy in respect of owner-occupied houses. In both Denmark and France the subsidy is a fixed sum per m²; up to 85 m² useful floor area in Denmark, and 90 m² habitable floor area in France. In Italy the subsidy is 4 per cent of the capital cost. The subsidies are to be paid in Denmark until 1967 and then gradually abolished in the period 1967 to 1974. In France they are payable for twenty years and in Italy for forty-five years. In Denmark and Italy they are limited to persons within the income limit for social housing. In France there is a normal subsidy without means test of fr. 600/m² and a special subsidy of fr. 1,000/m² for lower-income families building approved economical dwellings. There appears to be no provision for review of the subsidy in the event of the income qualification being subsequently lost and also, apparently, for revision of the subsidies with a general improvement in the rent/income relationship. The subsidies are paid on dwellings of up to 175 m² habitable area for

multi-family dwellings, and 190 m² for one-family dwellings, but calculated only on the habitable area up to 90 m². These upper limits are much greater than is normally the case in other countries. As a rule, where there is no income limit on eligibility, the demand for aid by those sufficiently well-off to do without it is effectively reduced by limiting the dwelling attracting a subsidy to a moderate size, for example, in Belgium 95 m²; on dwellings of greater size no subsidy is payable at all. This form of aid was introduced in Denmark in 1955 to replace a system of extending lower-rank public loans at 2 per cent interest on average, which latterly was about 4 per cent below the rate at which the state could borrow. This system was considered too expensive and not conducive to economy in building since the additional cost could be financed by an inexpensive public loan. As the loan was a percentage of total cost, it increased proportionately with the cost, thus limiting the addition to the personal down-payment where costs were excessive. The interest rate on the public loans was, therefore, raised to the rate at which the State could borrow and annual subsidies introduced, so calculated as to offset the increase in interest on those dwellings with the lowest building costs, a clear incentive to economy. The new system also has had the effect of reducing the demand for public loans and encouraging greater use of available private credit. A system of subsidy related to the size of dwellings was also thought likely to encourage the erection of dwellings of a socially desirable size.

In Belgium, Denmark, Finland, France, Norway, Sweden and Western Germany aid is also given in a form which is related to individual need and not to a type of dwelling, as is the case with all the other aid in these countries. In Scandinavia this aid takes the form of rent allowances or rebates varying with the number of children and incomes. Only very poor families with many children are eligible for these allowances in Finland and, in Denmark, the income limit is that for social housing. In Norway and Sweden, however, the limits are relatively high. In Sweden and Finland, and to a limited extent in Denmark, the allowances apply to families in old as well as new dwellings. In Norway, however, they are confined to families in new dwellings financed by the State housing banks. It is by means of these allowances and assistance to, for example, pensioners and invalids, that the special needs of individual families are met in these countries within a system of aid designed to allow a rent level within the reach of an average income. In France, special rent allowances are payable generally to families in old as well as

new dwellings, depending on the rent, the number of family members and the income, and subject to the condition that the dwelling is not overcrowded.

In Western Germany, allowances for rents and annual charges are paid to lower-income families in need of a dwelling. A sliding-scale is applied which, depending on the income and the number of persons, reduces rents or annual charges exceeding a certain amount. In Belgium, the general system of social security gives rent allowances to needy families but, in addition, the State grant to persons building privately is increased by 20 per cent for each dependent child and the rate of interest on loans granted by the Housing Fund of the League of Large Families falls (from 2.75 per cent to 0.75 per cent) as the number of dependent children rises.

EASTERN EUROPE

In this section the structure and forms of public financial aid to housing in eastern European countries are examined. Yugoslavia is included in this group since, although its system of housing finance resembles in some respect that of western Europe, particularly in so far as capital funds for housing are mainly accumulated outside the framework of the state budget, through a special levy proportion to wages bills on administrative budgets and on enterprise profits and these funds are used for interest-bearing loans, the general pattern corresponds more closely with that of eastern Europe.

State dwellings

Table 8 shows the amount and relative importance of state housing in eastern European countries and Yugoslavia in 1955 and 1956. State housing construction is comparatively more important in Czechoslovakia, Poland and Eastern Germany, amounting to approximately 60 per cent or more of total output. It is least important, relatively, in Bulgaria and Romania, where it amounted to from 20 to 25 per cent of output in 1956. In Hungary, the USSR and Yugoslavia, it occupies an intermediate position in relative importance, being generally from 40 to 50 per cent of total housing construction.

Table 8
State Dwellings Erected in Eastern European Countries in 1955 and 1956

Country	Year	Total number of dwellings erected (in thousands)	Total number of dwellings erected per thousand inhabitants	State dwellings		
				Number erected (in thousands)	Percentage of total erected	Number per thousand inhabitants
Bulgaria	1955	31.0 ^(a)	4.0	11.2 ^(a)	36 ^(a)	1.5
	1956	30.0 ^(a)	3.9	7.6 ^(a)	25 ^(a)	1.0
Czechoslovakia	1955	50.6	3.9	35.6	70	2.7
	1956	63.7 ^(b)	4.8	33.3	52 ^(b)	2.5
Eastern Germany	1955	30.1	1.7	18.2	60	1.0
	1956	30.4	1.7	17.3	57	1.0
Hungary	1955	31.5	3.2	13.6	43	1.4
	1956	25.5 ^(c)	2.6	7.4	29 ^(c)	0.8
Poland	1955	94.0	3.4	66.5	69	2.4
	1956	94.5	3.4	58.9	62	2.2
Romania	1955	55.9	3.2	11.1	20	0.6
	1956	54.5	3.1			
USSR	1955	1512	7.6	625	41	3.1
	1956	1613	8.2	726	45	3.7
Yugoslavia	1955	29.8	1.7	12.9	43	0.7
	1956	37.0	2.1	14.4	39	0.8

Sources: European Housing Trends and Policies in 1956, ECE, Geneva, July 1957, (E/ECE/292) and supplementary information furnished directly by Governments.

- (a) Output in m² of living space (main rooms including kitchen) has been converted into number of dwellings by dividing by 57 m².
- (b) The number of dwellings completed in 1956 includes privately erected dwellings completed prior to 1956 but first registered in that year.
- (c) The number of dwellings completed in 1956 includes private dwellings restored following floods.

The division of population in these countries between urban and rural areas has a close relation with the relative importance of state housing construction. Table 9 shows that state dwellings are mainly constructed in urban areas; in those countries for which actual figures are available the proportion of state dwellings erected in urban areas amounted to 75 per cent or more.

Table 9

Division between Urban and Rural Areas of State Dwellings
erected in Eastern Europe and Yugoslavia in 1956

Country	Urban		Rural	
	Number (in thousands)	Percentage of total state dwellings	Number (in thousands)	Percentage of total state dwellings
Bulgaria	31.3	(Primarily in urban areas)		3.5 ^(a)
Czechoslovakia		96.5	1.1	
Eastern Germany	5.5	(Primarily in urban areas)		25
Hungary		75	1.8	
Poland	47.9	81	11.0	19
Romania		(Primarily in urban areas)		
USSR	11.4	(Primarily in urban areas)		20
Yugoslavia		80	3.0	

Sources: Quarterly Bulletin of Housing and Building Statistics for Europe and official information supplied by Governments.

(a) Construction in agricultural countryside. If housing in communes up to 2,000 were included, the figure would be 10.5 per cent.

Apart altogether from the dominant role of the state in the economies of these countries, the active participation of the State in housing construction was inevitable in view of the predominance given to the social aspects of housing, reflected in the extremely low rent level, a predominance which, together with the absence of a private credit market, effectively eliminated the private provider of new rented dwellings even where he was not forbidden. The concentration of state housing in urban areas was inevitable to facilitate state plans for industrialization resulting in greater urbanization. The need to ensure that the limited supplies of building materials and components were used to the best and most immediate purpose economically and socially called also for state intervention. The increase in later years in private housing for owner-occupation, and which must always have a somewhat lower social purpose than state-rented housing since it requires a considerable personal contribution in cash or labour, has been made possible by improved supplies of building materials and components and improved real incomes.

Table 10 shows the division of population between urban and rural areas in the early post-war period and in a recent year.

Table 10
Division of Population between Urban and Rural Areas
in Eastern European Countries and Yugoslavia

Country	Year	Urban popula- tion as per- centage of total popula- tion	Rural popula- tion as per- centage of total popula- tion	Percentage increase of urban population between the two years
Bulgaria	1946	24.6	75.4	-
	1956	33.5	66.5	36
Czecho- slovakia ^(b)	1947	48.8 ^(a)	51.2 ^(a)	-
Eastern Germany ^(b)	1946	65.4	34.6	-
Hungary	1949	34.5	65.5	-
	1956	40.6	59.4	18
Poland	1946	31.4	68.6	-
	1956	43.8	56.2	39
Romania	1948	23.4	76.6	-
	1956	31.3	68.7	30
USSR	1950	37.3	62.7	-
	1956	43.4	56.6	16
Yugoslavia ^(c)	1948	33	67	-
	1956	42	58	27

Sources: Early post-war year for all countries except Yugoslavia and the USSR: Demographic Yearbook 1955, United Nations, New York; latest year for all countries except Yugoslavia, and 1950 for USSR: Economic Survey of Europe in 1957, ECE, Geneva, March 1958 (E/ECE/317), Table 10 of Chapter VII.

(a) Corresponds to the division of the population living in communes below and above one thousand inhabitants.

(b) Figures not available for a recent year. In 1955, however, the working population outside agriculture as a proportion of total working population was 66.9 per cent in Czechoslovakia and 79.4 per cent in Eastern Germany: Economic Survey of Europe in 1957, ECE, Geneva, March 1958 (E/ECE/317), Table 9 of Chapter VII.

(c) Figures relate to agricultural and non-agricultural population.

In Czechoslovakia and Eastern Germany the proportion of the population living in urban areas and the relative importance of state housing construction are highest. Bulgaria and Romania, the two countries where state housing construction is of the least relative importance, are both countries where the urban population is still comparatively low in spite of a rapid increase during the post-war period. The urban population is probably relatively still lower in Yugoslavia, where state housing is of intermediate relative importance, but total housing output is also low and, as a result, State housing tends to occupy an important position. In Yugoslavia rural house-building has declined in recent years from about 25,000 dwellings in 1952 to about 10,000 dwellings in 1956, partly because of the decline in the rural population and partly because farmers have increased personal productive investment with the liberalization of agricultural policy. In Bulgaria and Romania the volume of private house-building, particularly in rural areas, is higher than in Yugoslavia and, as a result, total output in the former two countries is appreciably higher than in Yugoslavia. The urban population in the USSR, Hungary and Poland occupies an intermediate position in proportionate importance as compared with the other countries. In Hungary and the USSR state housing construction occupies a correspondingly intermediate relative position. In Poland, however, the rate of increase in urban population since the war has been particularly high and this is one factor accounting for the relatively more important position occupied by state housing construction there.

In view of the concentration of this type of housing construction in urban areas, a better idea of proportionate achievement is obtained by relating the number of state dwellings to the urban population as expressed by the number of dwellings per thousand urban inhabitants. This is done in Table 11 which shows that while the USSR, Czechoslovakia and Poland have still the highest volume of housing expressed in this way, the comparative position of the other countries is altered. The achievement in Yugoslavia judged by this criterion is seen to be now greater than in the other countries. Eastern Germany has the lowest output of state dwellings per thousand urban inhabitants.

Table 11
State Dwellings per Thousand of Total Population and per Thousand of
Urban Population in Eastern European Countries and Yugoslavia

Country	Year	Number of state dwellings per thousand of total population	Number of state dwellings per thousand of urban population
Bulgaria	1956	1.0	3.0
Czechoslovakia	1956	2.5	5.0
Eastern Germany	1956	1.0	1.4
Hungary	1956	0.8	1.9
Poland	1956	2.2	4.9
Romania	1955	0.6	1.9
USSR	1956	3.7	8.5
Yugoslavia	1956	0.8	3.2
Source: European Housing Trends and Policies in 1956, ECE, Geneva, July 1957 (E/ECE/292), and percentage importance of urban population from Table 10. For Czechoslovakia and Eastern Germany the proportions relating to active population were used.			

Average size and cost of state dwellings

The varying influence on the level and composition of housing output of the demands of programmes of general economic development, of the priorities in such programmes, of the total investment resources available and of the existing general housing situation has been examined in Chapter II. An indication of the comparative ability of these countries to achieve an adequate housing programme may be obtained from a comparison of the average cost of a dwelling in terms of average individual earnings or, more fundamentally, since housing is paid for from the resources of the entire community, in terms of national income per head of population. Such a comparison which is attempted in Tables 12 and 13 reflects not only varying degrees of economic development but also the comparative size and quality of the dwellings being erected and the efficiency of the building industry.

Table 12

Average Size and Cost of State Dwellings and Ration between the Cost of a Dwelling and Earnings in Eastern Europe and Yugoslavia, 1955 or 1956

Country	Year	Average useful floor space(a)	Currency unit	Average cost of dwelling	Average annual earnings (b)	Ratio between average cost of dwellings and average annual earnings
Czechoslovakia	1956	47 m ²	Crowns	100,000	A. 15,408 B. 18,168	6.5 5.5
Eastern Germany	1956	64 m ²	DM	29,088	A. 3,774 B. 4,888	7.7 6.0
Hungary	1956	43 m ²	Forints	80,000	A. 14,712	5.4
Poland	1956	48 m ²	Zlotys	93,700	A. 14,772 B. 17,052	6.3 5.5
USSR	1955	39 m ²	Roubles	34,671	A. 8,520	4.1
Yugoslavia	1956	59 m ²	Dinars	2,743,000	A.254,088 B.240,516	10.8 11.4

Sources: Official information supplied by Governments, except for the following:

- USSR: Average earnings: Economic Bulletin for Europe, Vol. 9, No. 1, ECE, Geneva, May 1957, page 57.

(a) Useful floor space is the floor space measured inside the outer walls, excluding cellars, non-habitable attics and, in multi-dwelling houses, all common spaces.

(b) Annual average earnings:

Czechoslovakia A - Industrial workers; B - Bricklayers (May 1957).
Eastern Germany A - Non-agricultural workers and employees; B - Bricklayers.
Hungary A - Industrial workers (manufacturing industry).
Poland A - Non-agricultural workers; B - all building workers.
USSR A - All persons in the national economy, i.e. excluding agricultural workers other than those employed on state farms and in machine and tractor stations.
Yugoslavia A - Income from all sources of a worker's family of four persons; B - Skilled building workers.

Table 13

Relation between Average Cost of a State Dwelling and National
Income per capita: Eastern European Countries and Yugoslavia

Country (1)	Year (2)	Currency unit (3)	Average cost of state dwelling (4)	National income per head of population (current prices) (5)	Ratio (4 : 5) (6)
Czechoslovakia	1956	Crowns	100,000	12,250	8.2
Eastern Germany	1956	DM	29,088	3,080	9.4
Hungary	1955	Forints	72,000	9,617	7.5
Poland	1956	Zlotys	93,700	9,231	10.2
USSR	1955	Roubles	34,671	5,565	6.2
Yugoslavia	1956	Dinars	2,743,000	80,800	33.9

Sources: Information supplied by Governments and official statistics, except for the following:

- Czechoslovakia: Calculated by applying official figures relating to yearly percentage increases to the national income figure for 1953 given in the Economic Survey of Europe in 1955, ECE, Geneva, February 1956, (E/ECE/235), page 241.
- USSR: National income - Economic Bulletin for Europe, Vol. 9 No. 3, Geneva, November 1957, page 91.

A fundamental difficulty in the comparability of the average cost of a dwelling between eastern European countries is the method of price-fixing of capital goods. As a result, the level of the prices of building materials and components may vary from one country to another, reflecting a greater or lesser degree of subsidy from other sectors of the economy. Comparison between Yugoslavia and the other countries is affected by the fact that there is free formation of prices of capital goods, including building materials and components, in Yugoslavia. ⁽¹⁾

(1) An indication of the effect of the change from fixed to free prices in Yugoslavia is the fact that an increase of 40 per cent in the price of capital goods from the ending of fixed prices up to 1956 was not matched by a corresponding increase in consumer goods prices.

In Yugoslavia, the economic effort required to construct a dwelling, judged by the relationship between the average cost of a state dwelling and either the average earnings of a worker or the gross national product per head of population, is far greater than in the other countries. A factor contributing to the relatively unfavourable position of Yugoslavia is the fact that the average size of state dwellings is greater than in most of the other countries.⁽¹⁾

In Eastern Germany, where the volume of housing output is among the lowest, the average cost of a state dwelling is relatively high in terms of average earnings and of national income per head of population. This can be attributed in part to the fact that the average size of state dwellings is the largest among those for which comparable information is available. The fact that size and cost of present state dwellings in Eastern Germany is too high is officially recognized in the plan for housing construction for 1956 to 1960, which provides for the reduction in average size to 55 m² and in a reduction in cost from DM 29,088 in 1956 to 19,500 in 1960.

At the other end of the scale is the USSR, where the total volume of state housing is highest, and the relationship between the average cost of a dwelling and average earnings or national income per head of population is the lowest of these countries. Probably not without influence on the relatively favourable position of the USSR in these tables is the fact that the average size of a state dwelling would appear to be the smallest.

In the other countries the differences in the cost of a dwelling in terms of earnings are not so marked, with, however, a somewhat more favourable relation in Hungary, where the size of the dwelling is smallest; comparison on the basis of national income also favours Hungary. The comparative economic development of Poland is reflected in the high cost of a dwelling in terms of national income per capita. In Czechoslovakia, in the plan for state housing construction up to 1960 it is planned to reduce the cost of the average dwelling from crowns 100,000 in 1956 to 69,000 by 1960 through more economical building techniques and methods. Already in 1958 the average price of a dwelling has been reduced to crowns 88,595.

(1) The comparison disclosed in this respect by Table 12 is confirmed by Borba, Belgrade, 2 December 1957, which states that "social funds are used for building large almost enormous flats". That the quality of the dwellings is correspondingly high is suggested by the reference in the same source to "luxurious flats" built out of social housing funds.

The foregoing analysis puts into quantitative perspective the varying limits on an adequate housing programme in these countries by showing what may be called the general purchasing power of the economy in terms of new dwellings. The comparison, in particular, serves to establish the need to examine the possibilities of increasing this purchasing power in some countries by greater economy in the size and, perhaps, also in the quality of dwellings being erected, quite apart from possible differences in the relative efficiency of construction methods and techniques.

Agencies providing state housing

The actual construction of state housing in these countries is carried out by state construction units often directed by a special ministry or, as in Poland, by a special construction organization. Housing is ordered by government departments, industrial and commercial undertakings, local administrative and social and cultural bodies on the basis of the allocation made between these bodies of the funds for planned construction and their individual capacity to provide construction beyond the plan out of profits and other internal sources. Until recently most housing has been carried out through the agency of the government departments responsible for each of the branches of industry and through the agency of the individual industrial enterprises. This arrangement was directed to ensuring the closest co-ordination between industrial development and the housing necessary for it, inevitable in an economy expanding rapidly, particularly in new areas, e.g. Nowa Huta, Karl Marx Stadt and Kuznetsk. Thus in Czechoslovakia, production ministries and their subordinate enterprises erected 66 and 61 per cent of total state dwellings in 1955 and 1956 respectively. In Romania during the first five-year plan 85 per cent of new state dwellings were erected by the production ministries. In Yugoslavia in 1956, industrial and commercial enterprises received 65 per cent of the sums advanced from the special housing funds to other than private builders and, in addition, invested in housing in the same year, out of profits left at their free disposal, the equivalent of 31 per cent of the total sums invested from the special funds. In all these countries, the proportion of state housing erected through the agency of the industrial and commercial ministries and enterprises has tended to decline in recent years and further reduction is contemplated. These changes seem to reflect changing priorities between investment in heavy industry and other sectors of the economy.

The canalization of housing construction to a predominant extent through industrial ministries and enterprises, while successful in achieving a high level of housing construction closely co-ordinated with general economic development, has given rise to certain difficulties. Problems of successfully co-ordinating the housing activities of individual enterprises in matters affecting town planning and public services arose, particularly in the larger urban areas with a mixture of industries. The construction and management of housing estates are an administrative burden on ministries and enterprises primarily specializing in other activities. In any event the need for such a close co-ordination of industrial development and housing construction has tended to diminish with the passage of time and the need for a more unified and flexible system of allocating dwellings among the whole population. Specialist unified responsibility for housing development is also recognized as a means of controlling building costs and encouraging technical developments. As a corollary, the focus of control and initiative is tending to pass from the centre to the local community, where housing development can be better related to specific local circumstances. This has only become possible, however, with the acquiring of sufficient experience and skill to enable the undertaking of greater responsibilities by local administrations, set up for the most part for the first time.

In Bulgaria in 1956 the responsibility for many of the housing estates owned by government departments was transferred to local authorities, who will in future ensure most state housing construction. In Eastern Germany the Housing Law passed in January 1958 authorized the setting up by local authorities of housing administrations responsible for both the management of existing rented dwellings and the planning and financing of new construction. This Law provided an administrative framework for activities already being undertaken by the local authorities. In Czechoslovakia from the beginning of 1957 housing investment institutes were created within the framework of local administrative bodies known as national committees. These committees had already at an earlier date assumed responsibility for the allocation of all new dwellings. In Poland detailed responsibility for housing construction was in 1957 transferred from central to local bodies working within the general framework of budgetary and economic planning control exercised by the central administration. These bodies had already assumed at an earlier date much responsibility for the allocation of dwellings. In Romania the Popular Councils were given responsibility in 1956 for much housing construction with a view eventually to their assuming the whole responsibility. In the USSR

a growing volume of housing is being provided by the local soviets, principally with a view to rationalizing building and reducing costs. In addition, in the large cities such as Moscow, Leningrad, Kiev and Baku, administrative bodies are responsible for almost all housing construction. The local soviets are directly responsible for the allocation of dwellings and are required to pay due regard to requests for special treatment by industrial enterprises.

Capital financing of state housing

As has been shown in Chapter III the main source of capital funds for state housing is the government budgets; the profits and other funds of state industrial and commercial enterprises and of various social and cultural bodies play a significant but on the whole minor part. In Yugoslavia, central and local capital housing funds are accumulated by a special levy on the profits of enterprises and on the budgets of administrative bodies; an additional but lesser role is played by capital funds expended directly out of profits, apart from other sums expended out of profits and budgets to supplement the advances from the special funds, which never cover the full cost of a project. In Eastern Germany the new Housing Law of January 1958 provides that in future the capital for state housing construction will be mainly found by means of twenty-year bonds carrying interest at 4 per cent, for subscription by individuals, savings banks, state insurance institutions and other financial bodies. These funds will be applied to housing without interest charges which will be borne by the state budget. An important development is that in future the tenants of new state dwellings will have to contribute a share of the capital, depending on their incomes.

Except in Yugoslavia, the capital funds are expended without provision for payment of interest; amortization of the capital is usually envisaged in practice but rents are usually insufficient to allow for this. In Yugoslavia, advances from the special housing funds to enterprises and public bodies are repayable over a maximum of fifty years and at an interest rate of 1 to 2 per cent per annum; in addition advances from the special housing funds are limited to from 75 to 90 per cent of the cost, the balance being found by the borrower itself from its profits or its budget; the loan charges on the advances from the special funds do not, however, enter into the calculation of the rents, but are repaid out of profits of enterprises and the budgets of public bodies. From the point of view of capital financing the principle is the same, therefore in all these countries, in that the rents of state dwellings are fixed independently of capital charges.

Where the bulk of the capital funds for housing construction are supplied to industrial enterprises and other agencies free of interest charges or a requirement to repay capital and where the rents are fixed on a uniform scale unrelated to actual capital cost, careful cost control by administrative means is insisted on, quite apart from continual efforts to achieve more economical construction methods and techniques. The most common practice in this respect has been to advance capital funds from an investment bank which exercises control by fixing cost ceilings and approving estimates and plans. The introduction of a system of repayable interest-bearing loans in Yugoslavia was considered desirable partly because it was expected to act as an incentive for realizing economies in construction. Local communities are also provided with a means of attaching to loans conditions as to the nature and rationality of construction. In Poland attempts to limit costs have not always been successful. No information is available about experience in the other countries but where new forms of organizational arrangements have been made to concentrate responsibility for housing construction emphasis has been placed on the reduction of cost by, inter alia, promoting competition among building enterprises. A system of cost control is rarely incapable of some improvement and such re-organizations as have taken place may well reflect this fact rather than any real dissatisfaction with previous arrangements.

Rents of state dwellings

It has been noted that the rents of state dwellings are fixed without provision for interest on the capital and usually in practice without provision for amortization. Some idea of the relationship between the capital costs of new state dwellings and the rents charged may be obtained by comparing the figures for the capital cost of dwellings in Table 12 and rents per square metre. It would appear that the annual rent in Czechoslovakia in 1955 and 1956 represented about 1 per cent of capital cost, in Hungary between 1 and 2 per cent, and in Poland and the USSR less than 1 per cent. These figures illustrate the absence of provision for capital charges in the calculation of rents.

The considerations which govern the fixing of rents are predominantly social, and the social results achieved are striking when measured by the relationship between rents and average earnings. Some typical examples of this relationship show the extremely low proportion of income devoted to rent in these countries. The monthly rent in Bulgaria for a new two-roomed flat (excluding kitchen) is about leva 70 or about 10 per cent of average earnings in industry in 1956. In Czechoslovakia in 1956 it was approximately crowns 85, which was equivalent to 6 or 7 per cent of the average earnings of an industrial worker. In Budapest

the rent of a new flat of 40 m² floor space amounts to between forints 84 to 108/month, or 7 to 9 per cent of average industrial earnings in 1956. A wage-earner in Poland pays between zlotys 30 to 45, or from 2 to 4 per cent of the average earnings of an industrial wage-earner in 1956 for a relatively large dwelling of 50 m². This rent includes general charges such as staircase lighting, cleaning and refuse removal. Rents in Romania may not exceed 10 per cent of monthly earnings and on average do not exceed 4 per cent for the whole country. In the USSR the standard monthly rent paid by most wage-earners is roubles 33 for a dwelling of 25 m² living space, or approximately 3 to 4 per cent of the estimated monthly average of roubles 710 earned by persons employed in the national economy in 1955. In Yugoslavia rents do not on average exceed 5 per cent of average earnings. In addition to the rents mentioned, extra charges are usually payable to cover the actual cost of special services, such as central heating and hot water. Apart, however, from officially allocated tenants and co-tenants paying the standard rents there is also in practice subletting, the extent of which cannot as a rule be assessed, and to which the standard rents do not apply⁽¹⁾.

The basis and method of calculation of the rents of new dwellings vary somewhat from country to country. Generally, however, apart from in the USSR, the level of rents in new dwellings after the war was fixed to accord with the level of rents in pre-war dwellings which were frozen at their pre-war level; in Bulgaria, Romania and Yugoslavia pre-war rents were subsequently increased. In the USSR the present rent system operated before the war and the correspondence between rents of old and new dwellings has resulted from this fact rather than from any revision of rent policy.

In Chapter I figures were given which showed the drastic reductions made by these rent policies in the proportion of income devoted to rent as compared with before the war. In the USSR there was also an appreciable reduction owing to the increase in incomes and to the unchanged rents. As a rule, in fact, the rent level has not been raised in the post-war period throughout eastern Europe so that with increasing incomes the proportion expended in rent has been constantly declining; in Yugoslavia rent increases were accompanied by wage increases. This alone shows the social results achieved by the rent policy in connexion with new dwellings.

(1) For example, in Hungary in 1954 there were 120,000 such sublettings with rents agreed between the parties - Adatok Es Adalékok A Népgazdaság Fejlődésének Tanulmányozásához 1949-1955, Budapest, 1957.

Apart from the fact that industrial enterprises and other constructing agencies have a prior claim for their workers and employees with an established housing need, the only test in the allocation of tenancies of new dwellings is one of housing need. No income tests are applied.

In these countries the rents of new dwellings are based on a fixed sum per square metre of floor space, with in some cases variations according to situation and category of dwelling. This standard charge may also vary according to broad income groups, as in the USSR, or according to occupation or source of income, as in Poland. Thus in the USSR the fixed sum of roubles 1.32/m²/month is reduced for those earning less than roubles 450/month, and in Poland professional persons and business men pay zlotys 2.40 to 3.60/m²/month, compared with zlotys 0.60 to 0.90/m²/month charged to wage-earners and employees. In Bulgaria, rents of new dwellings are based on those paid for comparable pre-war accommodation. Fixing rents in this way has had the effect of reproducing some of the inequalities in rents caused by pre-war market forces. The same phenomenon existed in Yugoslavia until the system of rents was changed in 1955 and 1956, concurrently with an increase of 50 per cent, to a system of fixed charges per square metre with variations for such factors as situation and local circumstances. A similar revision is now being carried out in Bulgaria with a view to establishing a standard charge based on the cost of maintaining a square metre of living space, but an increase in the average level of rents if not expected.

Basing the rents of new dwellings on pre-war levels has meant that higher post-war capital costs have not been taken into account. Rents have also been fixed independently of the post-war costs of maintenance and upkeep. The same is true of the USSR since the standard rent charge also relates to pre-war conditions, except that the standard charge to those earning over roubles 450/month is now payable by more tenants than before the war. The general effect of maintaining on all dwellings a rent level the same as or a little above the pre-war level has thus been that the costs of management, upkeep and repair have had to be subsidized from public funds. Bulgaria, where the rents charged for new dwellings account for a higher proportion of income than in other countries, is an exception in this respect. Rents on state-owned housing fully cover maintenance and repairs; in 1957, 36 per cent of rent income was so used, 38 per cent allocated to amortization and the balance to administrative and management expenses, etc.

In Czechoslovakia the rent of flats erected after the war is lower than the economic rent and the State makes up from public funds the difference between the economic and the actual rents. In Hungary it is stated that the rents of new dwellings are not economic for the State. In Poland the State pays for outgoings and major repairs for 65 per cent of dwellings under its control and also pays for major repairs on private dwellings. In all, it is estimated that 60 to 65 per cent of the sum spent on repairs and maintenance comes from this source. In 1955, revenue from tenants of dwellings managed by Peoples Councils covered 63 per cent of management costs only. In Romania, state assistance is to be given to enable the full programme of maintenance and repair to be carried out on publicly owned dwellings. In the USSR the State pays a considerable part of housing upkeep costs and large sums are allocated for this purpose; much of these funds come from the retained profits of enterprises and not directly from state budgets. In Yugoslavia subsidies were formerly given for the maintenance and repair of state dwellings; in recent years, however, loans only, on a two to five year basis, have been extended.

It is apparent, therefore, that not only are rents of state dwellings in these countries subsidized by not charging capital costs to the tenants but, except in Bulgaria, are also subsidized by state contributions towards running costs, including maintenance and repair.

The effect on the standard of repairs and maintenance in rented dwelling-stock of a rental income which is inadequate to cover these items and which has to be subsidized by the State is considered unsatisfactory in some countries. In the general economic circumstances of Poland and Yugoslavia it has not been possible to provide sufficient public funds to enable a satisfactory programme of maintenance and repair to be carried out. A factor to be noted in this connexion is that owners of private rented accommodation, which is of considerable proportions, still draw an income from their property. For example, in Yugoslavia private owners of rented dwellings retain 10 per cent of the rent, the balance being reserved for management; private owners are obliged to pay into a special housing repair fund controlled by municipalities the total amount of rent increases granted in recent years. The position in these countries may be contrasted with that in the USSR where virtually all urban rented accommodation is owned by the State. As a result, in the latter country total receipts from rented accommodation can be

applied to management expenses including maintenance and repair. In Eastern Germany, a policy of selling state-owned family-houses is followed; one of the reasons for this appears to be the unfavourable relation between rents and maintenance cost. The adequate maintenance of state-owned dwellings has been a big problem in Hungary. In July 1955, 40 per cent of old dwellings managed by the state housing corporations in Budapest and 60 per cent in other cities were small family houses. The management and maintenance in good repair of these dwellings was found to be difficult⁽¹⁾. From 1950 to 1955, forints 900 million were spent on repairs of these dwellings, the bulk between 1953 and 1955. This was not considered sufficient to keep pace with depreciation and the houses continued to deteriorate. The sale of family houses and return to the original owners have been undertaken as a means of reducing liabilities on state-owned dwelling-stock⁽²⁾. In July 1954, 215,000 flats accommodating 20 per cent of the urban population were stated to be in need of total overhaul⁽³⁾; 145,000 were in Budapest, amounting to 30 per cent of all flats in the city.

Apart from the degree of public ownership of rented dwellings, the problem of repair and maintenance is heavily influenced by the average age of the dwelling-stock. For example, in the USSR only 30 per cent of urban dwellings were built before 1917. Similarly, in Bulgaria, the greater part of urban dwellings were built in this century; in Sofia alone one-third of all houses were built after 1944. On the other hand, the urban dwelling-stock is relatively old in Czechoslovakia, Hungary and Poland and the need for expenditure on repair and maintenance can be expected to be correspondingly higher.

In Poland official recognition has for some time been given to the need to increase rents, when economic circumstances allow, to cover costs of maintenance and of repairs. The introduction of full rent payments by those paying turnover and income taxes was announced in March 1958, together with an increase in rents for persons with flats larger than the average fixed size and the payment of a single deposit by all those receiving new flats. In Yugoslavia, the increases already made in rents were mainly intended to improve maintenance and it is

(1) Szoc. Kult 6, Budapest, July 1955.

(2) Figyelő, Budapest, 8 April 1958.

(3) Adatok És Adalékok A Nép gazdaság Fejlődésének Tanulmányozásához 1949-1955, Budapest, 1957.

considered that a satisfactory solution can only be found in an increase in rents sufficient to cover repairs and other maintenance expenditure; a further measure towards the improvement of upkeep has been the selling of small publicly owned dwellings to tenants on favourable terms. In Eastern Germany the capital contribution by tenants of new state dwellings as from 1958 might be regarded as a rent supplement.

As a corollary to the entire disappearance of rent as a determinant of the amount of accommodation to be occupied by a family, administrative control of allocation has been necessary in all these countries. Generally, it provides for a fixed amount of living space per person. For example, in Czechoslovakia, the standard is 12 m² floor space/person plus 6 m² for each household as a whole; kitchen area below 12 m² and the area of conveniences are not charged against this. In Romania, a standard of 8 m²/person applies and in Hungary one room is allowed per person with an extra room for each two additional members of the family; an odd member also obtains a room. Additional space is usually allowed for those engaged in intellectual activities or those carrying on a trade or profession in their dwellings. In some countries, as in the USSR and Czechoslovakia, a high additional rent is exacted where accommodation in excess of the standard is occupied as, for example, where a dwelling cannot be divided to reduce its occupation standard.

A system of allocation cannot overcome a basic shortage of dwelling space, whether general or local⁽¹⁾. Where there is such a shortage, priorities have to be given to persons of special importance to the economy, such as skilled workers and key officials, and other persons have to accept lower occupation standards. Provision has also to be made for those who have to move to other areas. The system of priority tends to exclude newcomers to the housing market, such as newly-weds, from obtaining accommodation. Under an allocation system of this nature, the constant physical control of the use of dwelling-space imposes a serious administrative burden and there are bound to be abuses.

In Yugoslavia, the administrative burden involved in the system of allocation of dwellings has been recognized and it is now considered desirable to lighten it by making rents a more effective instrument for the distribution of housing. The administrative load imposed by the public management of dwellings has also given

(1) For example, in Hungary in 1954, 110,000 flats housed more than four persons per room including kitchen and 56,000 persons were living in shops, cellars and workshops: Szoc. Kult. 7, Budapest, July 1956.

rise to concern and the principle of social management has been introduced. All apartment housing, other than small apartment buildings in which the owner lives, are now managed by the tenants themselves, who receive the rents and control all expenditure. This has had the effect of reducing the costs of management and applying more rationally whatever resources are available by way of rents and other credits for repairs and maintenance.

A general point that may be noted in connexion with the rent system in these countries is that within broad categories of the community the same rent is charged to families whose financial circumstances must vary considerably according to the grade of employment and number of working members. This would hardly impose any hardship on those families whose rent-paying capacity is relatively low since all rents are so low in relation to income. It does suggest, however, that should it be considered desirable and feasible on economic grounds to increase the rental income a solution to the problems involved might be found along the lines of differentiating more clearly between the rent-paying capacity of individual families. Such a measure would appear to be feasible given the comprehensive administrative control now exercised over rented dwellings.

Other forms of aid to state housing

In addition to the absence of capital charges and the provision of subsidies to cover running costs, two other means whereby the rents of state dwellings are usually reduced in these countries are tax concessions and the provision of sites free or at a nominal lease.

State dwellings in Czechoslovakia, the USSR and Yugoslavia are stated to be exempt from all property taxes and the same is probably also true of the other countries. The value of this concession in the USSR may be judged from the fact that privately owned dwellings are subject to a tax equivalent to 1 per cent per annum of the value of the dwelling. Assuming the value of a state dwelling to be in the region of roubles 50,000, the benefit of the exemption from a similar tax would amount to about roubles 500/year or over roubles 40/month. Since the rent of an average flat has already been seen to be about roubles 33/month it is evident that the tax concession represents an important reduction in the rent of a state dwelling. A special municipal tax is, however, levied where dwelling space is used for non-housing purposes, for example as offices or shops.

In all these countries sites for state dwellings appear to be given either free or at a nominal lease. This concession must also represent a considerable reduction in rent. Since in the USSR, however, the land is nationalized no lease payment arises.

Private housing

Table 14 shows the amount and relative importance of private housing in eastern European countries and Yugoslavia in 1955 and 1956.

Table 14
Private Dwelling Construction in Eastern European
Countries and Yugoslavia, 1955 and 1956

U				
Country	Year	Number (000)	As percentage of all dwellings erected	Number per 1,000 inhabitants
Bulgaria	1955	19.8	64	2.5
	1956	22.4	75	2.9
Czechoslovakia	1955	15.0	30	1.2
	1956	30.3 ^(a)	48	2.3
Eastern Germany	1955	11.9	40	0.7
	1956	13.1	43	0.7
Hungary	1955	17.9	57	1.8
	1956	18.1 ^(b)	71	1.8
Poland	1955	27.5	31	1.0
	1956	35.6	38	1.2
Romania	1955	44.8	80	2.6
	1956			
USSR	1955	887.0	59	4.5
	1956	887.0	55	4.5
Yugoslavia	1955	16.9	57	1.0
	1956	22.6	61	1.3

Sources: European Housing Trends and Policies in 1956, ECE, Geneva, July 1957, (E/ECE/292), and official information supplied by Governments.

(a) Includes dwellings first registered in 1956

(b) Includes dwellings repaired with the aid of state loans

Private housing is of the greatest relative importance in Bulgaria and Romania, where it accounted for 75 per cent or more of total output in 1955 or 1956. It was of the smallest relative importance in Czechoslovakia, Poland and Eastern Germany, generally amounting in 1955 and 1956 to between 30 and 40 per cent of total output. In Hungary, the USSR and Yugoslavia new private housing construction occupied an intermediate position, in relative importance of 50 to 60 per cent of total output. The foregoing comparison is somewhat altered when private housing construction is expressed in terms of output per thousand persons. In the USSR 4.5 private dwellings per thousand persons were erected in 1956, an output which exceeded the combined total of state and private dwellings in all the other countries, including probably Czechoslovakia if the private dwellings first registered there in 1956 but completed in previous years are omitted. This underlines not only the relatively greater resources of the USSR but probably also the efficacy of the methods adopted to encourage private housing. The output of private dwellings per thousand persons in Bulgaria and Romania, 2.9 and 2.6 dwellings respectively in 1956, shows that these are the countries where private housing is of the greatest relative importance. Output of private dwellings per thousand persons, however, is generally lower in Yugoslavia than in countries such as Czechoslovakia, Hungary and Poland, where public housing is comparatively lower. This is because private house-building in rural areas in Yugoslavia is proportionately small for the reasons noted earlier. Output of private dwellings per thousand persons is lowest in Eastern Germany despite generous financial aid; a shortage of building materials seems to be the main limiting factor.

Table 15 shows that for those countries for which figures are available, roughly three-quarters of all private housing is in rural areas.

Table 15
Division between Urban and Rural Areas of
Private Dwellings Erected in Eastern Europe and Yugoslavia
(in percentages)

Country	Year	Urban areas	Rural areas
Bulgaria	1953)		
	1954)	29	71
	1955)		
Hungary	1955	33	67
	1956	27	73
Poland	1955	16	84
	1956	23	77
USSR	1955	27	73
Yugoslavia	1956	25	75
Source: Official information furnished by Governments			

This is partly a corollary of the fact that State housing has been, as already seen, mainly in the urban areas. In addition, until recently supplies of building materials for private construction have been limited; the opportunities of using locally won materials such as timber have been greater in the rural areas. Furthermore, since private housing, in spite of public aid in many forms, has been fundamentally dependent on individual and co-operative self-building, the wider pool of building tradition and skill among rural communities and the greater cost and technical difficulties of urban-type construction have helped to give private housing construction a rural character. However, the measures being taken to increase private housing in these countries are likely to increase the amount and relative importance of private housing in urban areas.

New private housing is virtually entirely for owner-occupation but sublettings may be made. Owner-occupation is legally protected in all these countries; this includes space occupation at a level above the normal standard applicable to rented dwellings, prior claim to occupancy by the owner and his family and hereditary succession. Dwellings erected with public aid may also be sold, though generally, where a public loan has been received, this must be repaid at the time of the sale.

Private dwellings are mainly erected by individuals or groups of individuals for their own occupation. In the USSR, where private housing construction has been most developed, collective farms may build for members and recover the cost in long-term repayments. Collective farms also provide a corps of skilled workers to help members wishing to construct a dwelling for their own occupation. In the USSR, also, private housing in urban areas is now being carried out to an increasing extent by groups of workers organized by their employing industrial enterprises who give financial and material aid in many forms. The developments envisaged in the USSR in the next few years in the sale of prefabricated dwellings to private builders is also expected to facilitate the work of individual private home-builders.

Except in Eastern Germany and apparently also in the USSR, for which figures are not available, co-operative housing bodies are relatively unimportant. In Eastern Germany, co-operative bodies erected in 1956 4.9 thousand dwellings in urban areas and 1.1 thousand dwellings in rural areas, representing in all just under 50 per cent of total private construction. In Bulgaria state loans were given for 3,270 co-operative dwellings or about 15 per cent of dwellings privately erected, in 1956. In Poland, in 1956, co-operatives erected only 3,300 rooms out of a total private output of 107,200 rooms. In Yugoslavia, co-operatives until recently built about 1 per cent of total housing output. In the USSR housing co-operatives were abolished in 1937 but began to be formed again from 1956. Legal and administrative steps, however, have been or are being taken in Czechoslovakia, Poland and Yugoslavia to encourage the development of co-operatives, and similar measures in the other countries where co-operative housing has not been markedly developed seem likely.

Generally, there is not strict control over the type of persons who may build private dwellings for their own occupation. In practice, every person has a right to build and own such a dwelling. Certain forms of public aid, however, involve some administrative control over those eligible in order to ensure the best social and economic value for this aid. In rural areas, there is less supervision since much of the private construction there is based on locally available materials not subject to control. Public aid of a financial or material nature in the rural areas is, however, often associated with collective farming or machine and tractor stations and control can be exercised in this way to ensure sound social and economic value in private housing construction.

In Poland and Yugoslavia state loans to housing have been confined to urban areas or urban-type dwellings. In Bulgaria workers, employees and distressed persons in both urban and rural areas are eligible for public loans. In Poland, loans for private construction are confined to workers and employees approved by the Peoples Councils or the employing industrial enterprises. In practice, since the charges involved in owner-occupation, even with state loans, are much higher than on state-rented dwellings, co-operative and individual construction attracts the best-paid workers. Unaided private urban construction is chiefly undertaken by persons having a high income such as those in the liberal professions and artisans. In Yugoslavia, loan charges on private owner-occupied urban dwellings are four to five times greater than rents; their construction is mainly undertaken by persons of high financial standing and then usually in smaller localities where the cost can be reduced by self-help.

In Czechoslovakia loans are sanctioned by the national committees and workers get priority in accordance with need and merit. Private housing construction with state loans has been particularly important in coal-mining areas.

In Hungary, eligibility for loans does not appear to be confined to any particular category of persons. Special loans and other forms of aid are, however, given to miners. Otherwise the builders are the personnel of big enterprises, especially technicians. Private construction is also carried out by members of the liberal professions and members of producer co-operatives.

In the USSR, private housing construction is classed in two categories. The first consists of that in urban areas, by machine and tractor stations, by state farms and by forestry settlements, and is usually supplementary to state housing. All categories of workers engage in this type of construction and are eligible for financial and other types of aid. The second category consists of construction in rural areas carried out in collective farms by farm workers and rural intelligentsia.

A comparison between the cost of state and individually erected dwellings is not possible, owing to the element of unpaid labour in the latter. For example, in Yugoslavia a non-state dwelling is officially estimated to have cost dinars 703,000 in 1956, compared with dinars 2,743,000 for a state dwelling. The former sum excludes the cost of unpaid labour. In general, however, it appears that with the exception of Eastern Germany, the quality of individually erected dwellings is lower than that of state dwellings particularly where the private construction is mainly in rural areas; in urban areas the state dwellings appear to be better equipped.

The use of standard or other approved plans is obligatory where state loans are obtained. In Romania private single-family houses usually have two or three rooms and a living space-area of 30 to 35 m², and would appear to be comparable with state dwellings. Small apartment buildings are also built by private builders. In Poland, dwellings eligible for state loans may have a total floor area of up to 110 m² (or 140 m² where a profession or trade is carried on in the dwelling). This limit, which would appear to be considerably higher than the average floor area of state dwellings, represents an important inducement to private construction. In the USSR, privately constructed dwellings for owner-occupation may have up to five rooms, while state dwellings to be built in the next few years will contain on the average slightly more than three (including kitchen).⁽¹⁾ Dissatisfaction has been expressed in some cases in the USSR with the standards of private urban construction.⁽²⁾ Specific defects noted have concerned sanitary provision or fire-resistance. Sewerage and electricity have been lacking in some workers' cities.

In Yugoslavia private dwellings are considerably smaller than state dwellings, which are relatively large. In 1956 the average size (useful floor space) of privately erected dwellings was 48 m² compared with 59 m² for state dwellings; in Slovenia the average size of state dwellings was 65 m².

Generally, no over-all cost limits appear to apply to private dwelling construction. State loans, however, are confined to either fixed amounts or a maximum proportion of cost subject to a limit in amount. The cost of private construction is also affected by the prices at which building materials are sold to private builders. In Czechoslovakia and the USSR these prices are the same as for state construction. In Poland, however, until 1957, they were at retail rates equivalent to 50 per cent more than the wholesale rates for state construction. Since then the prices for state construction have been increased.

The bulk of private construction, even in the urban areas, would appear to be in the form of one-family dwellings, although precise information on this point is lacking. Since virtually all state construction is of multi-dwelling type, the desire to possess a one-family dwelling may also be an important incentive to private construction.

(1) See Chapter II.

(2) Finansy SSSR, No. 3, Moscow, 1957, page 28.

Forms of public aid to private housing

The forms of public aid to private construction in eastern European countries and in Yugoslavia consist of aid both of a direct cash nature such as loans, tax concessions (and, in Eastern Germany, free grants) and other forms of aid which are not expressed in cash terms but represent a reduction in the cost to the constructor, including paid time off from work.

Table 16 shows the number and relative importance of private dwellings erected in 1955 and 1956 with the aid of state loans.

Table 16

Private Dwellings Erected with State Loans in Eastern European Countries
and Yugoslavia, 1955 or 1956

Country	Year	Number of private dwellings erected with the aid of state loans (in hundreds)	Percentage of total private output erected with state loans	Number of dwellings, per 1,000 inhabitants, erected with state loans
Bulgaria	1955	6.0	30	0.7
Czechoslovakia	1956	5.6 ^(a)	18	0.2
Eastern Germany	1955	11.9	100	0.7
	1956	13.1	100	0.7
Hungary	1956	4.1	26	0.4
Poland	1955	1.5 ^(b)	6	0.5
	1956	3.5 ^(b)	10	1.3
Romania	1955	4.5	10	0.2
USSR ^(c)	1955	570.0	64	2.9
Yugoslavia	1955	7.5	44	0.4
	1956	12.0	53	0.7

Source: Official information supplied by Governments.

(a) Dwellings returned as completed under government subsidy scheme.

(b) Excluding rural construction with state loans.

(c) Dwellings constructed by collective farm workers with financial aid from their collective farms are included.

The number of dwellings which receive public aid in all forms is much greater. For example, 72 per cent of new dwellings erected in Hungary in 1956 received public aid in one form or another. Similarly in Czechoslovakia, in 1956 one-half and in 1957 two-thirds of private construction authorized received state assistance in various forms. In Poland and Romania, loans as a form of aid to private construction were relatively unimportant, amounting to 10 per cent or less. On the other hand, public loans were given to all private dwellings in Eastern Germany, to about two-thirds in the USSR and to about half in Yugoslavia. In Bulgaria about one-third of private dwellings received public loans; in Czechoslovakia about one-fifth and in Hungary about one-fourth.

Table 17 shows the general terms on which state loans are granted.

Table 17
Terms of Public Loans to Private Housing in Eastern
European Countries and Yugoslavia

Country and currency unit	Maximum proportion of cost loaned (%)	Maximum amount loaned (in national currency)	Maximum duration of loan (years)	Rate of interest per annum (%)
Bulgaria (Leva)	70	(40,000 (towns) (30,000 (other areas) (30,000 to 50,000 ((distressed persons)	25	2.0
Czechoslovakia			20	4.0
Eastern Germany	80-85 (co-operatives) 50 (one-family houses) 75 (other private) 85-92 (rural co- operatives; other private)		50-52	0.0 0-1.5 4.5 1.5 4.5
Hungary (Forints)	75 80 (miners)	60,000 70,000 (miners)	25	2.0
Poland	90 (tenancy co- operatives)		40 (tenan- cy co- operatives 25 (others)	1.0 1.0
Romania				
USSR (Roubles)	70-100	7-15,000 30,000 (new develop- ment area)	7-10 5 (collec- tive farm workers)	2.0
Yugoslavia	75	40,000 (Far North)	50	1.0-2.0
Source: Official information supplied by Governments.				

The rates of interest are extremely low, representing a form of state subsidy except, perhaps, in Czechoslovakia, where the rate is 4 per cent, and in Eastern Germany, where it is 4.5 per cent in some cases. The maximum repayment period is long except in the USSR, where it is ten years. Except for one category in Eastern Germany where non-repayable grants are also given, the maximum proportion

of cost that may be advanced is high in all cases, at least 70 per cent; in some cases a limit is placed on the total amount of the cost that may be incurred. In Poland the proportion of cost advanced varies in accordance with the category of applicant and with the floor area of the dwelling.

A more useful analysis of the terms of state loans would have to take into account the average loan advanced, the loan charges involved and their relation to average earnings and the average cost of a dwelling. In Bulgaria the average loan advanced between 1948 and 1956 was leva 15,400, on which the annual loan charges would have been approximately leva 780, equivalent to 9 to 10 per cent of the average earnings of industrial workers in 1955. In 1957 the average loan was leva 16,331, which would require annual loan charges, assuming a loan for twenty-five years, of about leva 840, or about 10 per cent of the average earnings of an industrial worker in 1956. The proportion of earnings devoted to loan charges was approximately the same as the proportion devoted to the rents of state dwellings.

In Czechoslovakia the average loan advanced in 1956 was crowns 9,000⁽¹⁾; the approximate annual loan charges on which for twenty years would be crowns 670, or 4 to 5 per cent of average industrial earnings. This proportion would be little more than the proportion devoted to the rent of a new state dwelling.

In Eastern Germany the average loan advanced in 1956 to urban co-operatives was DM 12,700. Annual repayments on this of 2 per cent (interest-free loan) amount approximately to DM 250, or 6 to 7 per cent of average industrial earnings. In the USSR the average loan advanced in urban areas was roubles 6,900 in 1956⁽²⁾. Annual loan charges on this loan would amount to approximately roubles 480, which would be equivalent to 4 to 5 per cent of the estimated average earnings of workers in the national economy in 1955⁽³⁾. In Yugoslavia, the average loan advanced in 1956 was about dinars 530,000 and the average annual repayment about dinars 20,000. This would be equivalent to about 9 per cent of the average earnings in 1956 from all sources of a worker's family of four persons. The rents of new state dwellings amount to about 5 to 7 per cent of average earnings while the rents of all rented flats amount to only 3 per cent of average earnings.

Generally it would appear that the loan charges arising from the average loan obtained for the erection of a private dwelling is not appreciably greater, if at all, than the amount payable in rent for a state dwelling. This is because

(1) Based on number of dwellings shown in Table 16.
(2) Finansy SSR, 1957, No. 3, Moscow, 1957, page 28.
(3) See Estimated earnings in Table 12 above.

generally the amount of a state loan represents a relatively small portion of the value of a private dwelling in view of the amount of unpaid labour used.

In Eastern Germany co-operative dwellings receive state grants of DM 10,900, equivalent to approximately 40 per cent of the cost of a dwelling. Other private construction may obtain state grants of 25 per cent of the cost of a dwelling. In the USSR, the State repays 70 per cent of the loans granted to persons qualifying for the special loans of roubles 30,000 and 40,000 granted in new development areas and in the Far North.

Sites are given to private builders free, or at a nominal lease, in all eastern European countries. Roads and services are provided by the public authorities free of charge for the development of private sites.

Building materials and components are supplied in a number of countries at cost prices or even free, e.g. cuttings from state forests in the USSR. There is general encouragement and assistance to the local production of materials.

Standard plans free or at nominal charges are provided for private builders by the public authorities. Technical advice is available free of charge. The capital construction departments of state enterprises manufacture component parts, such as joinery, for their workers building on their own account. Teams of skilled workers are provided by state enterprises and collective farms to assist home-builders. Building equipment is also provided without charge. Materials are transported for home-builders either without charge or at cost price. In the USSR it has been decided to produce pre-fabricated dwellings for sale on deferred payment terms to workers in such volume that, by 1960, 50 per cent of private construction will be in this form.

Privately-erected dwellings receive tax concessions. In Hungary, complete relief from property tax is granted for fifteen years. In Bulgaria, exemption from house tax is given for five years. In addition, complete exemption is granted from all taxes and dues, the issue of building permits and the drawing up of deeds and mortgages. In Yugoslavia private builders are exempt from property tax for thirty years.

ANNEX I
FINANCING OF CO-OPERATIVE BUILDING

INTRODUCTION

In general the co-operative housing movement forms part of the effort made in various countries to provide wide sectors of the public with comfortable and hygienic accommodation at prices within their means.

In principle, co-operatives operate exclusively for the profit of their members. Their main function is to build housing, but they are also empowered to undertake all the operations ancillary thereto.

They can, for instance:

- buy and sell land;
- obtain and manage rented accommodation for their members;
- obtain private houses for sale to their members;
- contract loans of all kinds;
- grant loans to members for whom they have obtained private houses;
- assist members building private houses on their own account;
- on their housing estates and housing areas, provide communal facilities of all kinds such as educational centres, stores and small-craft workshops, communal laundries, shower baths, recreation grounds, kindergartens and day nurseries.

Housing co-operatives do of course make use of various types of financial assistance for building: assistance from public authorities, specialized credit organizations, social organizations, and local communities. But they also require their members to make a personal contribution, generally in cash or land; this is one of the basic features of the co-operative idea. There is another feature equally important but somewhat different in nature, namely the participation of members in the management of co-operatives.

This study is confined to the financial aspects of co-operative housing. Also, as there is no need to deal with matters already discussed at length in the over-all report (investment, sources of capital, public financial aid), it has been decided to concentrate on three questions of particular concern to co-operative housing:

- I. Co-operators' own contributions;
- II. Sale of co-operative dwellings;
- III. Saving schemes connected with co-operative housing.

The study of these three problems is based to a great extent on information supplied by various countries. Much would be gained, it seems, by following it up with a general study on housing co-operatives dealing simultaneously with financial matters, and problems of administration and management. This would provide an overall view of co-operative housing, which is increasing in extent every year in Europe (as appears from the figures in the table at the end of this annex, giving the extent of co-operative housing in each country).

* * *

I. Co-operators' own contributions

Members' contributions vary considerably not only from country to country, but also according to whether the dwellings are for sale or to let.

For the sake of clarity, therefore, separate sections will be allotted to letting and to house purchase.

In each section countries are classified with groups according to the size of the co-operator's own contribution.

A. House purchase

(a) Size of personal contribution

Countries may be classified as follows:

1. Those where the contribution is more than 20 per cent
2. Those where it is between 10 and 20 per cent
3. Those where it is variable
4. Those where there is little or no member's contribution
5. Those accepting contributions in labour.

1. Countries where the contribution is more than 20 per cent

In Poland State loans for dwellings between 85 and 110 m² amount to 70 per cent. The co-operator thus has to provide 30 per cent himself. The contribution is higher for larger dwellings.

In Italy the contribution amounts to 25 per cent for "co-operatives obtaining loans on preferential terms".

In Finland the contribution is in theory only 10 per cent of the purchase price of a dwelling but actually lies somewhere between 20 and 30 per cent. The contribution must be paid in advance during the year preceding the completion of building and in at least three instalments.

In Israel "Skikun" flats are usually sold⁽¹⁾ against a down-payment of about one-third of the purchase price, the balance being paid off in monthly instalments.

2. Countries where the contribution is between 10 and 20 per cent

In Austria it is 10 per cent of the building costs and the purchase price of the land, plus a subscription of at least schillings 300, to be paid down at the outset.

In Poland the contribution is 15 per cent for dwellings not more than 85 m² in extent.

In France the contribution is by law 15 per cent (reduced to 10 per cent for civil servants). The prospective purchaser subscribes at the outset for shares to the value of the cost price of his dwelling, but at the time of subscription pays up only a fraction equivalent to his contribution, the balance being paid off in monthly instalments spread over the redemption period.

In Turkey the builder's contribution is usually 10 per cent.

In Great Britain the housing associations operate in much the same way.

3. Countries where the contribution is variable

In Western Germany members are always required to take up one share (DM 300 to 500), but are very often asked to subscribe for more, the number varying with the size of the dwelling.

In Belgium the amount of the contribution varies from case to case. The order of magnitude may be gauged from the fact that it is about Bel.fr.60,000 for a house worth fr.360,000 (i.e. one-sixth). But this is a single example for illustration only.

In Hungary the member's contribution takes the form of successive monthly instalments from the time of his admission into the co-operative until he takes possession of the dwelling. The total annual payment amounts to 4 per cent of the building costs.

(1) This does not, however, seem to be an outright sale (see II.A. below).

In the United States the contribution in the co-operatives known as "Co-ventures" is either a proportion of the building cost (5 to 20 per cent) or is paid in a lump sum (for example, \$500 a room).

4. Countries where there is little or no members' contribution

In the Netherlands financial assistance may reach 100 per cent of the cost of the land and building costs, so that apparently no contribution is required of the member. Certain societies, however, which are trying to attain a sounder financial position and greater independence of the Government ask their members to pay a deposit of fl.100 to 500.

In certain Italian societies (housing co-operatives and non profit-making bodies) loans cover all expenditure, and no contribution seems to be required of the member.

5. Countries accepting contributions in labour

In conclusion, it should be noted that various countries accept contributions in labour. This applies to rural housing in Western Germany (N.B. contributions in this form were estimated at DM 11.7 million in 1955).

In the United States of America the contribution in "self-help" co-operatives is furnished in the form of labour or services.

In France the "Castors" themselves perform some of the work, thus reducing their contribution in cash.

In the United Kingdom members of similar institutions are expected to put up cash as well as to furnish personal labour, e.g. an initial subscription of about £500 and a weekly instalment of about £4 for equipment renewal.

In Yugoslavia the member's contribution usually takes the form of labour.

(b) Miscellaneous forms of possible assistance to co-operators in making up their personal contributions

Such assistance is provided mainly in countries where the member's own contribution is high.

In Western Germany the State grants co-operators wishing to make up their contribution a subsidy of 25 per cent of the cost of a share in the co-operative.

In Finland the initial contribution is met in certain cases by a loan from the Society, which is repaid over a period of 10 years by the occupier along with his monthly instalments. This is the commonest form of repayment in societies established by municipalities. The co-operator does not receive the share certificate representing the amount of his subscription until the advance from the Society has been repaid in full.

In France the co-operator may receive loans and various forms of assistance towards his personal contribution, such as loans from the Family Allowance Fund, loans from Departmental Auxiliary Funds, loans or subsidies from employers under the scheme for a compulsory contribution of 1 per cent of wages by employers, and, in deserving cases, loans from the Co-operative's Mutual Fund.

In Poland builders sometimes receive assistance from their employers.

B. Letting

Co-operatives sometimes deal in direct letting, but mostly they let to tenant-shareholders. Their members, as shareholders, have priority as potential tenants. This priority is attached to, and transferable with, the ownership of the shares.

(a) Obligatory contributions from members

As in the case of house purchase, countries can be classified into several groups according to the size of the co-operator's own contribution, as follows:

1. Those where the contribution is more than 20 per cent
2. Those where it is between 10 and 20 per cent
3. Those where it is less than 10 per cent
4. Those where there is no members' contribution
5. Those where the contribution is variable.

1. Countries where the contribution is more than 20 per cent

In Italy the contribution is the same as for house purchase (25 per cent for "co-operatives obtaining loans on preferential terms").

2. Countries where the contribution is between 10 and 20 per cent

In Austria and the United Kingdom (housing associations) the contribution is 10 per cent of the costs of the transaction, as for house purchase.

In Poland State loans cover 90 per cent of the costs, and the members' contribution is 10 per cent.

In Norway State loans are not computed as a percentage of building costs; but the member's contribution may be estimated at 15 per cent of these costs.

This proportion of 15 per cent is also the general rule in the co-operative letting system in France. The member subscribes for, and immediately pays up in full, shares to the value of the personal contribution required.

3. Countries where the contribution is less than 10 per cent

In Switzerland building co-operatives must put up capital to the amount of some 6 to 10 per cent of the investment, this capital being then divided into co-operative shares, to be taken up by prospective tenants. Tenants contribute the least in Zurich, since that city grants second mortgages up to 94 per cent of building costs.

Members of Danish co-operatives provide up to 6 per cent of the total cost of their dwellings.

In Sweden the contribution amounts to 5 per cent of building costs, mortgage loans covering the remaining 95 per cent.

Members of Belgian co-operatives must subscribe about 5 per cent of the average cost of their dwelling (or some Bel.fr.15,000 for the ordinary type). However, they pay up the shares subscribed for only to a maximum of fr.6,000 (the balance being paid off at the rate of fr.60 per month added to the rent).

4. Countries where there is no members' contribution

In the United States the "mutual" co-operatives demand no initial contribution of their members.

In France no personal contribution is demanded in the case of direct letting; but, under the co-operative's articles of association, every ordinary tenant must take up at least one share in the co-operative if he wishes to attend its general assemblies.

In Sweden total mortgages on blocks of flats built for direct letting at the request of municipalities amount to 10 per cent, so that there is no member's contribution.

5. Countries where the contribution is variable

In Western Germany the contribution varies as for house purchase.

(b) Miscellaneous forms of possible assistance to co-operators in making up their personal contributions

The loans and other forms of assistance granted are, as a rule, the same as those given towards house-purchase in countries where both systems exist.

It is noteworthy that Polish undertakings sometimes help their staff by paying out of their own funds part of the contribution required by tenants' co-operatives. Polish trade unions are also considering a similar scheme.

In Norway members of co-operatives can sometimes obtain assistance from municipalities or from their employers towards making up their personal contributions; but it varies from case to case, and is comparatively insignificant.

II. Sale of co-operative dwellings

A. Sale of dwellings by co-operatives to their members

Systems vary greatly from country to country.

In some countries - e.g. the Scandinavian countries and, at least as a general rule, Switzerland - sale to members is unknown, although individual houses have sometimes been sold there, but with a right of pre-emption for the co-operative written into the ground lease.

In Israel dwellings are apparently not "sold" to members of co-operatives in the usual sense of the term; members seem rather to possess a kind of right of use, which may be bequeathed, supported by a 99-year lease.

Sales to prospective owners may take various forms. In the first place, the dwelling may be sold outright as soon as building is finished. This is the system in the United States, for example (although in some cases the sale is spread over a period). Similarly in the United Kingdom the dwelling is usually bought by the occupier as soon as it is ready for occupation, financial assistance being obtained from the building societies. The "Castor" societies are also temporary; when they have completed their building schemes, they transfer ownership of the houses to their members and dissolve.

Similarly, in Hungary every member of the co-operative becomes the owner of his dwelling as soon as he takes possession, and may bequeath the property to his heirs.

In the Netherlands tenants may buy the dwelling they occupy from the housing association. Transfers must be approved by the Minister of Housing and Construction. The purchase price of dwellings built before 1945 is reckoned on their market value and that of dwellings built after that date on their book value. Occupiers may obtain State aid in purchasing the latter type.

In Western Germany the purchase price paid by members is reckoned with due regard to the mortgages obtained by the co-operative. Purchasers remain members of the co-operative even after they have purchased their house. It is worth noting that 82,787 dwellings (including 21,659 rural houses, 56,520 detached dwellings and 1,696 flats) had become the property of members of co-operatives in this way by the end of 1956.

In Austria individual houses are usually sold to members of co-operatives against a building loan.

In Finland flats become the property of their tenants as shareholders in the company. Any garages or outbuildings, however, remain the property of the company, which simply rents them out.

In France the allottee tenant becomes the owner of his dwelling only after he has paid up in full all the shares for which he has subscribed, at which point it is allocated to him against the cancellation of his shares. If a member dies before the loan is redeemed, ownership of the dwelling passes immediately to his heirs under a compulsory life insurance policy taken out with the Caisse Nationale d'Assurances sur la Vie, which assumes responsibility for any repayment still due from the member at the time of his death.

In Italy house-purchase systems differ with the type of co-operative. In individual holding co-operatives the dwelling belongs to the society until the individual contract is signed, i.e. after the building is taken over and the Ministry of Public Works has issued the permit. At the time of the contract, dwellings are valued separately in order to assign to each its proper part of the mortgage which previously covered them all. Once he signs an individual contract, the member enjoys absolute ownership in his dwelling and may even let it. The machinery is similar in the case of collective holding co-operatives wishing to convert themselves into individual holding co-operatives; but the conversion must be authorized by the Ministry of Public Works. In non profit-making bodies dwellings are allocated on a hire-purchase basis; the property is transferred by a contract of sale, which must be signed not more than 25 years after the date on which the dwelling was taken over; the contract stipulating the undertaking to sell must be authorized beforehand by the Ministry of Public Works.

B. Sale of buildings purchased by members of co-operatives

This is generally regulated to prevent speculation.

In some cases the buildings must not be sold for a certain length of time. In Belgium, for instance, any person receiving a building bonus must undertake not to transfer or let his dwelling for ten years.

In Italy a member of a co-operative may not sell his dwelling within less than ten years from the date of his individual loan contract.

In other countries no time-limit is specified but actual sales are controlled.

In Finland a shareholder may transfer any dwelling at any time. Sales are made by the share transfer operation described in Section C below.

In Poland members of owners' co-operatives using State-owned land must obtain the consent of the appropriate local authority to the sale and immediately thereafter repay the bank loan.

In other countries, such as Hungary, the sale of co-operative dwellings is apparently prohibited; any member leaving a co-operative is entitled to refund of the money he has paid in. If the debt is not fully redeemed, he must return the dwelling to the co-operative, which repays him proportionately to his entitlement. A member leaving on transfer to another undertaking in which there is a co-operative may have his holding transferred to the latter.

Lastly, in some cases sales are unrestricted - e.g. in Turkey, where the selling price is not controlled, and in France, where, once a dwelling has been allocated to him, a member of a co-operative enjoys full ownership of it and has no further link with the co-operative, which consequently exercises no control over its sale.

C. Sale of shares

The material expression of the co-operator's absolute right of tenure in the dwelling let to him is generally the shares he holds.

In Denmark tenants leaving a co-operative building may claim refund of their shares (this is therefore not a sale in the strict sense of the term).

In Norway the degree of control exercised by the co-operative when a member sells his dwelling varies considerably from one society to another. In most cases, apparently, the seller may himself choose the purchaser, provided that he fulfils the co-operative's requirements. In some cases, however, the co-operative reserves the right to designate the purchaser and exercises this right whenever the transaction

is not an exchange of dwellings. The purpose is twofold: first, to enable members whose dwelling is too small to obtain a larger one while still retaining their membership of the co-operative, and, secondly, to enable prices to be controlled, since, as a general rule, shares cannot be sold above par, although prices have been pushed up and the authorities have accepted breaches of the rule that shares shall be sold at their face value.

In Sweden, any tenant wishing to sell his dwelling may do so with the approval of the branch society, which must investigate the nature of the transaction and make sure that it entails no speculation. The maximum price which a tenant may charge is an amount equal to his initial contribution plus the value of all redemption payments made by him over the period during which he occupied the dwelling.

In Finland, as explained above, a flat is sold by transferring shares, the operation being regulated where the building in which the flat is situated was built with the help of a State loan. The regulations were enacted in the Building Law, and their application is supervised by the National Building Commission (ARAVA), which also grants the loans. A flat owner who wishes to sell his shares must first offer them to the company's board of management. If it does not exercise its right of pre-emption the shares must then be offered to the local authority. If it in turn is not interested in the offer, the owner may sell his shares in the open market; but even then special regulations must be complied with regarding the price and the purchaser. In practice, however, the sale of such accommodation is probably more or less free.

In France, under the co-operative letting system, the shares conferring a prior right to a tenancy may be transferred inter vivos or devolve on death. The new tenant must always be approved by the co-operative's board of management before the transfer takes place. All changes of tenant are effected simply by transferring shares. The same applies in the case of owner-occupiers for as long as the shares have not been fully paid up and the dwelling thus still belongs to the co-operative.

There are no sales of shares in tenants' co-operatives in Poland; a member relinquishing his dwelling merely has his contribution refunded.

III. Savings schemes connected with co-operative housing

A. Measures to promote saving by intending home-builders before building begins

In some countries co-operatives exist not only to build or obtain homes for their members, but also to accept their savings on deposit.

In Western Germany, for instance, members may deposit their savings with co-operatives by various methods, which are explained in Section B below. Furthermore, the State encourages savings in the form of shares in co-operatives by granting a bonus amounting to some 25 per cent of the value of the share.

In Denmark each member has a "savings account" with the co-operative.

In Sweden the Association of HSB Societies (Association of Tenants' Building and Savings Societies) exists, as its name indicates, to promote both building and saving. It established in 1933 a Savings Bank, which uses the local societies as branches and which held at the end of 1953 deposits amounting to kr 35 million. It is noteworthy that this Savings Bank pays depositors interest at the rate of 4.5 or 4.75 per cent as the case may be.

Certain Swiss co-operatives (such as the general building co-operatives at Zurich and Lucerne) issue "savings books".

In France the HLM co-operatives are "savings, provident and low-rent housing societies", entitled as such to open savings accounts for their members. But, in practice, this right is seldom exercised. It should also be noted that there is in France, under the general aid-to-building programme - hence not, strictly speaking, a savings scheme allied to co-operative housing - an original institution called "Saving for Building" established by Act of 15 April 1953. Its main purpose is to safeguard depositors investing their savings in building or housing against risks of devaluation, the sums entered in the savings books being automatically revalued to meet changes in building costs. The savings books are opened by savings bank and other approved institutions. Interest is at the rate of 1 per cent. When depositors need to withdraw their cash to start building, the amounts saved are returned to them plus the accrued interest and a bonus to compensate any rise that may have taken place in building costs between the dates of deposit and withdrawal.

Other countries have tried to institute savings schemes linked to co-operative housing, but have not yet found any final solution. In Norway some co-operatives operate a system under which monthly instalments to a certain amount must be paid before a dwelling is obtained; but the method is uncommon and the question may be said, generally speaking, to be still unsolved in that country.

In Finland, too, there is a plan to institute a special savings scheme within the co-operative movement, backed by members' savings and funds from the building societies.

Lastly, in Poland also there is now a scheme to promote saving before building begins.

In the other countries covered by this study there are apparently no special savings schemes connected with co-operative housing; but savings are channelled into building by other means.

In Austria building co-operatives are not permitted to hold savings on behalf of their members. Members who wish to save for building or house-purchase must have recourse to the banks, savings bank, or "saving-for-building" societies.

In Belgium building is financed mainly by a semi-public body, the Savings and Pensions Fund.

In the United States there are many savings institutions. There are some 1,600 mutual savings and loan banks, which are very active. The Home Loan Bank Union comprises eleven banks belonging to thrift and home financing institutions, largely savings and loan associations, which are the backbone of the system.

In Italy the funds of the Deposit Bank (which grants loans to co-operatives) are mainly derived from Post Office savings deposits. It should also be noted that private investments in building are estimated at lire 249,000 million or 6.5 per cent of all savings.

In Turkey persons who deposit with the Real Estate Bank an amount equivalent to 25 per cent of the building costs can obtain loans up to 30,000 Turkish pounds for a period of twenty years at 5 per cent.

B. Use of savings by members of co-operatives

The main purposes members' savings serve are obviously the building, purchase or acquisition of homes. In some cases, however, they may be put to other uses.

Cash deposited by members in Danish co-operatives' "saving accounts" is solely intended for investment in housing.

In Norway the same is true of co-operatives which have established a savings scheme. In Sweden sums deposited with the HSB Savings Bank are used solely for building. Members of co-operatives can thus gradually save up the amount of their personal contributions.

In France deposits in the savings accounts opened by the HLM co-operatives may be used to make up members' personal contributions, or to meet building costs, or for any other purpose. Cash entered in a building savings book must be used

for one of the following purposes: building, purchase of land for building, purchase and reconditioning of an abandoned dwelling, repair of an existing dwelling (N.B. the personal contribution of a member allocated a tenancy mostly takes the form of the land to build on).

In Austria savings deposited with banks, savings banks and the like must be released to public co-operatives as soon as the land is purchased or building begins. They represent the personal contributions required from the members of the co-operatives (see I A and B above).

In Poland members' savings are also used to cover their personal contributions.

In the Netherlands some building societies use their members' savings to finance additional non State-aided building.

Certain Swiss co-operatives (including the General Building Co-operatives of Zurich and Lucerne) obtain any additional funds they require from loans or deposits (issue of savings books).

In Western Germany savings deposited with a co-operative by its members may serve various purposes:

(a) They may be, and generally are, used to purchase shares in the co-operative.

(b) They may be used for actual building, or as a basis for retirement pensions, or for co-operative mutual assistance.

(c) They may also take the form of "repayable contributions" paid to the co-operatives by their members to cover the balance of the sum required to finance building operations, only part of the cost being met from other sources: the State, mortgage loans, loans from employers, the member's compulsory contribution (which, be it noted, is only one share). Hence co-operatives ask their members either to take up additional shares or to make "repayable contributions", which are in the nature of long-term redeemable loans carrying interest from the co-operative, so that members find this supplementary contribution a remunerative form of investment.

EXTENT OF CO-OPERATIVE HOUSING IN EACH COUNTRY

- Austria: The "Federation of Public House-building and Housing Estate Development Societies", which comprises all public housing societies, has 370 members, including 250 legally constituted as co-operatives. The public housing undertakings manage 90,000 dwellings, 35,000 of which are owned by co-operatives.

- Belgium: There are about 370 Cheap Housing and Smallholding Societies, many of them taking the form of co-operatives.
- Denmark: Housing co-operatives and public utility limited liability companies acting in conjunction with, and sponsored by, the national co-operative movement are responsible for the construction of some 8,000 new social housing units a year. There are 177 housing co-operatives of greatly varying size; some of them are quite large (the Copenhagen Workers' Housing Co-operative manages some 10,000 dwellings), while others in the provinces manage less than 100 dwellings. There are 173 public utility limited liability companies.
- Federal Republic of Germany: At the beginning of 1956 the 1,787 co-operative building societies in the Federal Republic and West Berlin had 902,687 members. By the end of 1956 membership had risen to 933,113.
- Finland: The Haka Societies, one type of non-profit making body operating on co-operative principles, embrace slightly over 10 per cent of State-aided building. But there are many other non-profit making bodies in Finland as well. Of thirty Haka Societies eight are in the form of co-operatives, the others having the status of "companies." The members of these societies or companies are the local consumers' society, the local authority, and usually also certain industrial or trading concerns. None of them has individual members.
- France: There are 350 HLM co-operatives in France. The 190 co-operatives on which it has been possible to gather information have housed 84,718 families (i.e. more than 300,000 persons) since 1947.
- Israel: There are a large number of housing co-operatives in Israel organized in building societies. The largest are those established by the General Federation of Labour, which had built more than 10,000 dwellings, 3,000 of them rural dwellings, by 1950.
- Italy: Housing co-operatives have always been of very slight importance in Italy. Between 1945 and 1950 they built only 30,000 to 40,000 dwellings, less than 3 per cent of the total.
- Netherlands: The "building societies" are of a mixed type, taking after both co-operatives and public bodies. There are two kinds: workers' associations, which are predominantly co-operative in character and all of whose members are tenants or future tenants of dwellings built; and semi-public societies whose members do not occupy the dwellings built. They may assume any one of three legal

forms: ordinary associations (73 per cent), foundations (23 per cent) and co-operatives (4 per cent). But all are sufficiently "co-operative" in type to be dealt with in a single study. There is about one of these associations for every commune in the Netherlands; but that is merely coincidence, since there may be hardly any in the rural communes but several in a single town. These associations vary greatly in size; some own only a few dwellings, while the largest, in Amsterdam, manages more than 4,000. The average is about 200 dwellings per association.

- Norway: The OBOS (Oslo Savings and Building Society) has 45,000 members at present and has built about 40 per cent of the flats in Oslo. (It has built 16,000 dwellings). Other societies similar to the OBOS have been formed and have established a national organization comprising 80 companies with 80,000 individual members, 25,000 to 30,000 of whom occupy co-operative dwellings. To these should be added the "closed" societies.

- Poland: At the end of 1956 there were 365 housing co-operatives in Poland, with 33,000 members. Of these 112 were investing in building, or preparing to do so. Others were using existing buildings. The new co-operatives established in 1957 numbered 140.

- Sweden: The SKB (Stockholm Housing Co-operative) was managing about 2,500 flats in 1945. Its members are direct tenants with twenty-five year leases. The HSB Society (National Organization of Tenants' Savings and Building Societies), founded in 1924, has 164 "parent" societies. During the first thirty years of its existence it built 100,000 housing units, and in 1954 it accounted for one-quarter of all urban house-building in Sweden. Other housing societies exist independent of the HSB. The largest is the SR (Housing Co-operative of Building Workers' Trade Unions). Founded in 1941, it has built more than 20,000 dwellings.

- Switzerland: There is a fairly large number of housing co-operatives in Switzerland; they are of widely varying types, but most of them cater for tenant-shareholders. There are more than 1,000 of them, owning and managing some 70,000 dwellings. At one time they were responsible for more than 40 per cent - in some cases up to 70 per cent - of all building. But the number of houses built by them has declined in recent years, owing to the abolition of the federal - and some of the cantonal and communal - subsidies after 1 January 1950.

- Turkey: In 1956 there were sixty-four co-operatives, which had completed 3,710 dwellings.
- United Kingdom: Unlike those in most countries of Western Europe, co-operative organizations in Great Britain have very little to do with housing. But there are some non profit-making housing associations which are very much like co-operatives. They form a national federation with 607 members (twenty-four of which are "co-operatives" in the true sense).
- United States of America: There were 10,000 housing co-operatives in the United States in 1952; but they differ in practice from what is generally understood by the term "co-operative societies". There were only about 160 genuine co-operatives, i.e. societies operating in accordance with the principles of co-operation, at that time.
- Yugoslavia: Few dwellings are built by co-operatives in Yugoslavia (only 1 per cent of new buildings each year). Steps to encourage the expansion of co-operatives are at present under consideration.

Table
PERSONAL CONTRIBUTIONS BY MEMBERS OF
CO-OPERATIVES IN VARIOUS COUNTRIES

Country	Prospective owner-occupier's contribution	Prospective tenant's contribution
Austria	10%	10%
Belgium	Various	5%
Denmark	-	6%
Federal Republic of Germany	Subscription for one or more shares according to size of dwelling	Subscription for one or more shares according to size of dwelling
Finland	In theory 10%; in practice 20 to 30%	-
France	15%	15% in co-operative letting. Subscription of at least one share in direct letting
Hungary	4% annually until occupation	-
Israel	About 30%	-
Italy	25% in certain co-operatives, none in others	25% in certain co-operatives, none in others
Netherlands	In many cases none. In some cases, deposit of fl.100 to 500	In many cases, none. In some cases, deposit of fl.100 to 500
Norway		Estimated at 15%
Poland	15 to 30%	10%
Sweden	-	5% in co-operative letting. None in direct letting
Switzerland	-	6 to 10%
Turkey	10%	-
United Kingdom	10%	10%
United States of America	5 to 20% or lump sum according to type of co-operative	No contribution in mutual savings societies
Yugoslavia	Contribution in labour	-

ANNEX IINOTES ON NATIONAL ACCOUNTS CONCEPTSWestern Europe

The gross national product at market prices of a given country is in principle the total production of goods and services resulting from the economic activity of its normal residents (citizens plus foreigners who have settled down less citizens who have settled down abroad). It is calculated without duplication, so that each branch is included only for its total production less goods and services which it receives from other sectors. Since it is taken at market prices, it should include indirect taxes and exclude subsidies paid to reduce the market prices. The gross national product would also be the total of the expenditure for consumption (private and public) and the gross investment (gross fixed investment plus increases of stocks) plus sales of goods and services to the rest of the world and factor income payments from the rest of the world, less purchases of goods and services from the rest of the world and factor income payments to the rest of the world. Services rendered without salary within the households as well as within sporting clubs, etc. are for practical reasons excluded from the gross national product. This applies to cleaning, cooking, etc. Goods produced and consumed by the same household, such as the farmer's consumption of food produced on the farms, is, however, included, and so is the imputed rent of the household's own house.

Gross fixed investment includes the value of the production of fixed assets (buildings, machines, durable transport facilities etc.) by enterprises, the value of construction and works by private non-profit institutions and by government for themselves, as well as their purchases of these items from abroad, less the sale of transportable capital goods abroad and to households. Durable producers' goods are normally included if they have an expected average life time of more than one year. Durable consumers' goods are in principle not included, except for buildings and works. Military establishments are normally not taken as investment, but considered as consumption. Services rendered by architects in designing new buildings are included, as well as interest and other financial charges during the building period. Investment on buildings and construction and on heavy equipment such as ships and heavy electrical machinery, is considered as carried through at the moment when the materials are incorporated in the investment object, while for the rest the investment objects are only registered as fixed investment when they are finished.

Repair and maintenance, i.e. those expenditures which, while maintaining capital goods in operation do not materially change the characteristics or the value of these goods, should in principle not be included in investments. Major repairs and alterations should, however, be included. This is a distinction which is in practice rather difficult to make statistically, and which may cause a certain lack of comparability between countries.⁽¹⁾

Gross investment in construction and works includes the value incorporated in the course of the year in buildings and in works such as roads, streets, railways, tunnels, bridges, drainage and sanitation projects, electricity transmission lines, communication systems such as telephone and telegraph lines, harbours, athletic fields, etc.

Gross investment in dwellings includes the value incorporated in the course of the year in new dwellings, as well as in major repairs and alterations of existing dwellings. The value of the building ground (i.e. the virgin land) should not be included (this is the case as well for gross investment in construction and works). The land preparation costs would normally be included only to the extent they are charged to the builder. For the remaining part these costs would normally be classified as "other construction and works", on the account of the municipalities. It should, however, be noted that the information used in the text as to the average cost of a dwelling-unit (taken from the 26th Annual Report of the Bank of International Settlements) seems to be based on another concept: here all expenses charged to the builder seem to be included, even the building ground.

The other concepts used, such as that of a dwelling unit, a room etc., are by and large based on the definitions recommended by the ECE Housing Committee's Working Party on Housing and Building Statistics.

Thus, the basic definitions of the statistics presented are fairly conform, although differences of interpretation and insufficiencies of the statistical material available may still cause a considerable lack of comparability. For this reason, already, the comparisons made should be considered as rather rough.

(1) The Scandinavian countries normally consider repairs and maintenance as investment since it is thought that, although the principle may have disadvantages, it gives a better statistical basis, starting from the input of materials etc. In this case a higher depreciation would be calculated, so as to give the same net investment. The Scandinavian figures are adjusted to conform with the OEEC definitions.

Even when the statistics are correct and the interpretation uniform, however, great difficulties may be caused in the interpretation by differences of the economic structure of the countries and the policies pursued. A few rather simple examples should be given to illustrate this. Thus if a country has a considerable amount of subsidies on consumers' goods to reduce their prices, this would reduce the amount registered as consumption, since the value is taken to be the market price. This would tend to increase the investment rate (the percentage which gross fixed investment forms of gross national product). An indirect tax which is placed only on investment goods would have the same effect, while all indirect taxes would tend to increase the gross national product (in contrast to what direct taxes on income and fortune would do); subsidies affecting market prices, on the other hand, would have the opposite effect. Housing subsidies would normally not be considered as affecting the market price of the house built, since they would not go to the contractor, and he would charge the full price. Some tax exemptions which have largely the same purpose as housing subsidies, would, however, reduce the market price of a new house. Thus as an illustration it could be mentioned that in Norway there is an exemption for new dwellings (and farm buildings) from the general turnover tax. This exemption reduces by 10 per cent the average cost of a dwelling and by some 6 to 10 per cent the percentages which house-building forms of the gross national product, of gross fixed investment and of construction and works; here is a part of the explanation why these figures are so relatively low in Norway.

More important still than these questions of taxes and subsidies may, however, be other facts which may perhaps be even more difficult to define, namely the differences of price relations caused by natural resources, price controls, monopolies, etc. A predominantly agricultural country will tend to have lower prices of food and higher prices of industrial investment goods than an industrial country, and thus tend to get a higher investment rate. Those countries which have come furthest in industrialization and urbanization will also tend to get much of the services outside the households and thus included in the gross national product as consumption. This also will tend to result in relatively lower investment rates in highly industrialized countries. This may perhaps give a partial explanation of the relatively low investment rate of a highly industrialized country as the United Kingdom. Other factors do, however, go in the opposite direction: a high degree of industrialization would tend to require a great stock of production capital and accordingly high investment to maintain it. The investment rate and the proportion

of investment devoted to housing also depends upon whether the industries on which the country specializes are capital intensive.

These few examples may serve to illustrate the great difficulties of giving a correct interpretation to statistics of the role of housebuilding within the national economy. As a result every comparison can only be very rough and is made with considerable reservations. Still it is, however, thought that some statistics in this field, as well as some calculations of the needs, may serve to establish a framework in which it could be useful to see the financing of housing.

USSR and eastern Europe

The net domestic product at market prices of a given country is in principle the total production of material goods resulting from the economic activity of its normal residents. Certain services held to be intimately connected with the processing of production, e.g. freight transport, wholesale and retail trade, are included but there are minor definitional differences between countries in including certain services on the margin of production. Product is computed as the aggregate of net outputs (viz., values - added free of conventional depreciation) in originating sectors. Market prices are the actual sales prices of the goods concerned inclusive of indirect taxes and subsidies. Soviet and eastern European statistical offices do not currently prepare estimates of gross domestic product (viz., without deduction of capital depreciation) but have the concept of gross social product which is not only gross of depreciation but comprises in each sector the value of materials received from other sectors (the degree of duplication hence varying with the number of sector-divisions used). No computations appear to be made for national product (gross or net), viz., domestic product adjusted for external flows of factor income by subtracting the outward flow and adding the inward flow.

6/4/58

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

SIXTEENTH SESSION

Position Paper

Financing of Housing In Europe (HOU/Working Paper No. 78 & /Add.1)

Agenda Item 4

PROBLEM

What position shall USDEL take concerning the subject document and future work in the field of housing finance?

POSITION

1. USDEL should express the view that the subject paper as a whole provides a carefully drafted and detailed account of the use of housing subsidies for the improvement of housing in Europe. The prefatory note (page V) identifies "financial aid to all kinds of housing" as the "heart of the inquiry." Chapter I is especially well drawn and clearly reveals the problem of providing housing for families with limited means. The U.S. believes that further discussion of subject paper should be limited and suggests completion and publication of the document after it has been carefully edited by the Secretariat. The title of the document should be changed to describe more adequately the content. The U.S. has submitted suggestions in writing concerning matters of detail.

2. On the other hand, the U.S. is impressed with the observation in the last sentence, first paragraph, page 5, Chapter V. "The numerous types of institutions and the varying methods of operation suggest that a comparative study of the housing mortgage market in western European countries might be of considerable value." This identifies what the U.S. had presumed would be fully treated in the present study with the same detailed coverage as was accorded to public financial aspects. The U.S. strongly urges that the proposed study be undertaken as soon as feasible with the help of rapporteurs especially versed in private finance. It further considers that the recent emphasis on private enterprise and private financing of housing among Eastern European countries is worthy of consideration in dealing with this subject. The emphasis of such a study should be on the role of private activities, particularly private financial institutions, in housing finance and on how they could better serve the housing market so as to lighten the burdens on governments and extend the blessings of improved housing to the bulk of families of all countries.

3. The USDEL should concert with Western delegations particularly Belgium and the U.K. to determine whether they will support such a study of private finance. One of these delegations should be urged to submit an appropriate recommendation on the proposal. If sufficient support for such a study cannot be obtained at the present meeting, the U.S. may suggest that governments give consideration to the proposal and be prepared to pass upon the proposal at another meeting.

DISCUSSION

The history of ECE work on the subject of Housing Finance is set forth in the prefatory note of Paper No. 78 and in the related note by the Secretariat. At the June 1957 meeting of the Committee and again in the November 1957 meeting, the viewpoint of the U.S. proved to be at variance with that of most other delegations including Western delegations. Europeans stress what governments can do to subsidize housing for the bulk of their populations. The U.S. believes that private financial institutions have an important role to play in financing houses for Europeans. The European delegations with some exceptions have not been receptive to the U.S. point of view. The U.S. wishes to stress what private enterprise, unhampered by unfavorable restrictions, can do to improve housing for the bulk of populations. Europeans believe that most families cannot afford adequate housing because houses cost about four or more times worker average annual income. The U.S. has stressed the importance of (a) increasing productivity of workers generally so they can afford housing and (b) the possibility of reducing costs of building by rationalization of the industry and by eliminating restrictive controls.

The document prepared by the Secretariat with the help of Rapporteurs (including one from the United States) is now before the Housing Committee for the third time. The U.S. rapporteur has strongly expressed the U.S. point of view but the final document shows an entirely different emphasis from that for which the U.S. had hoped. It goes to great length to expand upon public aid for housing, especially in the form of many types of subsidies. The chief concern seems to be how many different ways can be found to spend public funds for housing. This would not be too objectionable had equal consideration been given to reporting on how private financial institutions serve and can serve the housing requirements of a people.

Attached are copies of recent letters sent to the U.S. Resident Delegation in Geneva concerning details of the paper. See also Position Paper on this subject used in the Fifteenth Session.

Attachments

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ECONOMIC COMMISSION FOR EUROPE
HOUSING COMMITTEE

(Item 4 of the provisional agenda
of the sixteenth session)

FINANCING OF HOUSING IN EUROPE

Corrigendum

Page 85, Table 4

Last column opposite France : change "95" to "76".

Page 85

4th and 5th line from end : insert "and" between "Belgium" and
"the Netherlands" and delete "and Spain".

Page 115

15th and 16th line from end : change "purchasing" to "commercial"
and "aid" to "firms".

Page 122

6th line from top : change "diving" to "dividing".

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Table 12, Sources for USSR : change "57" to "97".

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14th line from end : change "if" to "is".

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9th line from top : change "16,000" to "16,600".

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11th line from end : change "advance" to "advice".

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9th line from end : change "1948" to "1958".

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 5 of the provisional agenda for
the sixteenth session)

EUROPEAN HOUSING TRENDS AND POLICIES IN 1957

PREPARATORY NOTE

This is a provisional version of the sixth report in a series of annual surveys of European housing trends and policies. The immediate objective is to provide the background for an annual discussion of the subject at the first session each year of the ECE Housing Committee.

The present report is in two parts. Part I, prepared by the Secretariat, is a review of housing trends and policies in Europe during 1957. It is based partly on statistical material regularly available, largely supplied by governments for publication in the Quarterly Bulletin of Housing and Building Statistics for Europe; partly on country memoranda supplied by governments for use by the Secretariat in preparing the review; and partly on published information. On this occasion for the first time the review has been prepared within the framework of an outline adopted by the Housing Committee which it is intended should remain unchanged as far as possible from year to year. In connexion with the discussion on changes in financing policy and on technical policies it should be remembered that special enquiries on these subjects are being carried out simultaneously. That on the financing of housing is nearing completion. Work on the report on government policies and the cost of building has now started and will be the main subject of discussion in the autumn session of the Housing Committee, on the basis of the provisional version.

Part II follows established practice and consists of a special topic of current interest treated on a longer-term basis. It is not included in the present provisional version but will consist of an examination of the formulation of housebuilding programmes on the basis of reports prepared by the rapporteurs, Mr. Andrzejewski (Poland) and Mr. Björk (Sweden)⁽¹⁾.

⁽¹⁾ See in this connexion document HOU/Working Paper No. 80 and Add.1, ECE, Geneva, April 1958.

Although Part I of this survey in provisional version has been prepared as a basis for the Housing Committee's annual discussion on the housing situation, it is suggested, in view of the comprehensive country memoranda furnished by most countries, that in the debate delegates need not describe in detail what has happened in their own countries but might concentrate on three main questions: the essential problems they are faced with, or indeed the main problems facing Europe in the sphere of housing policy at the present time; future perspectives; and the main policies being pursued to meet current problems. It should be noted in this connexion that the concluding chapter of the review may be considered useful as a guide to the discussion but that what is said there far from exhausts the subject and that delegates may be able to make a substantial further contribution.

Governments are requested to let the Secretariat have in writing comments of detail during or as soon as possible after the next session of the Committee. Thereafter, following normal practice, the Secretariat will proceed to revise the whole report for general circulation, on its own responsibility.

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The following symbols have been used throughout:

- .. = figure not available
- = nil or negligible quantity
- * = Secretariat estimate

PART I

CHAPTER 1

TRENDS IN HOUSE CONSTRUCTION

A record in the volume of dwellings built in Europe (including the whole of the USSR but excluding Albania, Austria, Greece, Romania and Turkey, for which information for either 1956 or 1957 is not yet available) was again established in 1957. The rate of increase in 1957 was much higher than in 1956, 16 per cent and 5 per cent respectively. Of some 4.3 million dwellings shown in Table 1 as completed in 1957 it is estimated that more than one-fourth made possible a net improvement in the European housing situation⁽¹⁾.

The substantial reductions in housing programmes that many western European countries feared would arise from credit restrictions and changes in subsidy policy, did not materialize in most cases. In fact new post-war records in the number of dwellings completed were established in many countries. Judging, however, from statistics available of the number of dwellings authorized, started or under construction, some decline in house construction in 1958 can be expected.

In the eastern European countries, the rapidly accelerated housing programmes within the framework of revised long-term economic plans led to substantial increases in the number of dwellings built in 1957, except in Czechoslovakia where about the same number of dwellings were completed as in the preceding year and the housing situation is somewhat better than in the other countries. The post-war records achieved were made possible partly by a further encouragement to private house-building with state aid, and partly an improved supply of building materials and components for house-construction, a trend which is expected to continue.

(1) For an explanation of the methods of calculation, see The European Housing Situation, ECE, Geneva, January 1956 (E/ECE/221), Appendix I on Methodology.

Table 1
Dwellings Completed from 1955 to 1957
(in thousands and per thousand inhabitants)

Country	1955	1956		1957	
	(in 000's)	(in 000's)	Per 1,000 inhabitants	(in 000's)	Per 1,000 inhabitants
Austria	41.6	42.0*	6.0*	..	4.7
Belgium	44.6	44.1	4.9	42.5	4.7
Bulgaria (a)	1,757.5	1,715.8	..	..	..
Czechoslovakia	50.6	63.7	4.8	63.1	4.7
Denmark	24.0	19.8	4.4	26.5	5.9
Eastern Germany	32.8	32.8	1.9	61.1	3.5
Finland	33.2	31.9*	7.4*	32.2*	7.4*
France	210.1	236.5	5.4	273.7	6.2
Greece	53.3	55.4	6.9	..	..
Hungary	31.5	25.5	2.6	48.0	4.9
Ireland	10.3	11.6*	4.0*	9.2*	3.1*
Italy	215.9	231.6	4.7	255.0	5.3
Netherlands	61.9	69.2	6.4	89.3	8.1
Norway	32.1	27.3	7.9	26.5	7.6
Poland	94.0	94.5	3.4	120.0	4.2
Portugal	24.2	28.2	3.1	29.6*	3.3*
Romania	55.9	78.1	4.4	..	..
Spain	112.2	121.8	4.2	98.0*	3.3*
Sweden	57.6	57.6	7.9	64.8	8.8
Switzerland	39.4	39.4*	7.8*	37.5*	7.3*
Turkey	(58.5)	(53.4)	..	..	..
USSR	1,512.0	1,613.0	8.0	2,090.0	10.2
United Kingdom	328.6	310.0*	6.1*	310.0*	6.0*
Western Germany	538.1	560.7	11.0	528.5	10.1
Yugoslavia	29.8	37.0	2.1	46.0	2.5

Source: Quarterly Bulletin of Housing and Building Statistics for Europe, ECE, Geneva.

Notes: - Data refer in the main to new and reconstructed units and to those units made available by alteration and conversion, which represent only 1 to 5 per cent of new and reconstructed dwellings.
- Figures given between brackets are for urban areas only and are based on an incomplete coverage.

(a) Expressed in thousand m² of living-space.

In considering the adequacy of the rate of house construction in 1957 in relation to requirements, assessed on an objective though admittedly far from comparable basis, the factors taken into account in the determination of such requirements, i.e. current demographic and replacement needs, existing housing shortage and internal migration, vary from one country to another, partly according to availability of data; for this reason the requirement figures are not comparable. Nevertheless in evaluating the progress made in 1957 and apart from the degree and nature of the effort which this represented in each country during the year, it may be useful to bear in mind as a yardstick housing requirements by countries as analysed in earlier reports⁽¹⁾.

Despite the significant increase in the European output of housing in 1957, it would appear that in a few countries only, notably Belgium, Denmark, Norway, Sweden, Switzerland and the United Kingdom, has the rate of construction in the past few years been more or less satisfactory. Some decline in house production in 1958, however, is expected in Denmark, Switzerland and the United Kingdom. Moreover, the slum-clearance problem is particularly acute in Belgium and the United Kingdom. In Switzerland there is a serious shortage of housing for the lower-income groups in a number of urban centres.

The relative progress made in the Federal Republic of Germany, Finland, Hungary and the Netherlands will have to be maintained for some years in view of the housing shortage in these countries. In the Federal Republic of Germany, however, there was a drop in house production in 1957, although the rate per thousand inhabitants was the second highest in Europe; and in Finland, the Federal Republic of Germany and the Netherlands a decrease in the number of dwellings completed is expected in 1958. Part of the increase in Hungary in 1957 was due to the slow-down of house-building in progress during the events of autumn 1956 and the first claim in 1957 was the reconstruction of dwellings damaged during hostilities. Additional housing space was also made available following a government decree of March 1957 which provided for the transformation into flats of offices vacated as a result of the reorganization of certain ministries.

(1) The European Housing Situation, ECE, Geneva, January 1956 (E/ECE/221) and European Housing Trends and Policies in 1956, ECE, Geneva, July 1957 (E/ECE/292), Annex I to Part I.

The substantial volume of house-building accomplished during 1957 in France, Italy, Poland and the USSR will have to expand still further in order to eliminate the housing shortage in these countries in the foreseeable future. In France and Italy, where the increase in the number of dwellings built was 16 per cent and 10 per cent respectively, there is still some way to go before reaching levels of house construction which meet requirements. While Poland increased house-building by 27 per cent the level necessary to cover current needs has not yet been reached. The USSR, which now accounts for over one-half of total European housing construction and where the level of house-building increased by 30 per cent, will take another ten to twelve years to eliminate the housing shortage, i.e. according to the government programme to provide a separate dwelling for every family.

The increases in Eastern Germany, Portugal and Yugoslavia still leave the levels of house-building in these countries among the lowest in Europe and considerably below what is required in the light of current needs and existing housing shortages. It should be noted, however, that comparatively large dwellings are built in Yugoslavia in the state housing sector which are very expensive in relation to average earnings. In these three countries, and in Ireland and Spain, where there was a substantial fall in house production, the rate of house-building in 1957 was 2.5 to 3.5 per thousand inhabitants.

Size of dwellings

Improvements are to be noted almost everywhere in the size and quality of new housing. In several countries where the size of dwellings of the existing housing stock in terms of average number of rooms per dwelling was about or above the European average, the trend, as shown in Table 2, has been to diversify new housing to correspond to the range of needs of different types and sizes of family, including old people and single adults, as for example in Denmark, Norway and the United Kingdom.

Table 2⁽¹⁾

Dwelling Construction : Work Completed, by Size of Dwelling

The size of new dwellings measured in square metres of living-space has continued to grow in Norway, owing mainly to a relative increase in rural housing activity and a consequent sharp increase in the proportion of one-family houses. The shortage

(1) This table, which appears as Table 6 in the Draft Annual Bulletin of Housing and Building Statistics for Europe (HOU/WP.3/Working Paper No.24/Add.1), will be included in the final version of the present document.

in the United Kingdom of accommodation for old people has led to a progressive increase of the one-bedroom dwellings, two-thirds of them built as flats and the remainder mostly in single-storey houses; this type of dwelling accounted in 1957 for more than 13 per cent of housing built by local authorities and new town development corporations. In the Federal Republic of Germany, the size of dwelling in terms of both the number of rooms and useful area has grown, owing largely to a significant increase in individual houses for owner-occupation.

In some countries where small dwellings were the rule, there has been some attempt to improve the standard by building larger dwellings, as in Czechoslovakia and Sweden. In the former country only about 6 per cent of new housing contains two rooms or less compared with nearly 70 per cent of the housing stock in 1946. In Sweden dwellings with three or more rooms plus kitchen accounted for 48 per cent of completions in 1955, 51 per cent in 1956 and 57 per cent in 1957; in 1958 this category of dwelling is expected to reach over 60 per cent of the total. The picture with regard to small house production is changing rapidly in Sweden. The principal feature of the past was a detached owner-occupied house. There is a growing trend to provide small houses for renting, as an alternative to the flats in multi-dwelling construction which have been predominant until now. Such houses are to be built as part of larger housing estates and this development, known as "group-building", receives state financial encouragement. Attention is given especially in this connexion to town-planning aspects, better land utilization, improved dwelling types, better space utilization and more rational building methods.

In a few countries, where the average size of existing dwellings expressed in number of rooms was well over the European average, a considerable proportion of new housing continues to be in the form of larger dwellings despite a declining building activity or a shortage of housing. The average size of dwellings in Ireland, 4.2 rooms, was relatively high and the proportion of new dwellings with four or more rooms has been well over 90 per cent in recent years; this is accounted for by large households and the predominance of one-family dwellings which amount to over 90 per cent of total construction. House-building activity declined however in 1957, mainly due to elimination of existing deficiencies but partly due to credit restrictions and increased interest rates. Existing dwellings in the Netherlands averaged 4.8 rooms and over 80 per cent of new houses built in the last few years have had five or more rooms. The housing shortage

persists in the Netherlands and although progress has been made in the last few years a decline may be expected in 1958. In Spain the average number of rooms per dwelling was 4.2. During 1955 and 1956 about 90 to 95 per cent of dwellings built contained four or more rooms. The number of dwellings completed declined sharply in 1957, when the rate of house-building per thousand inhabitants was among the lowest in Europe.

The trend towards larger dwellings has not significantly affected the preponderance of small dwellings in a number of countries. In Finland the average number of rooms in the existing housing stock was 2.5 per dwelling and during recent years 70 per cent or more of new dwellings built contained three rooms or less. Households are relatively large and there is thus overcrowding. In Greece, Hungary and Yugoslavia the situation with regard to small dwellings is similar. In Poland the problem of overcrowding is largely due to the high proportion of small dwellings in the housing stock. New dwellings average 2.8 rooms. In the USSR new dwellings contain two, three or four rooms. A new economic type of flat was standardized and introduced in 1957 but information is not available on its size and number of rooms.

Category of builder

The private housing sector appears to have been steadily increasing in relative importance in many European countries, as in Belgium, Ireland, Norway, Sweden and the United Kingdom, partly as a result of changes in financial policy and partly because of earlier progress made with non-profit housing by public or semi-public bodies; liberalization of building licensing, as in Norway and Sweden; and partly increased encouragement to it through state aid, as in Czechoslovakia, Poland and the USSR. Significant increases in private house-building are also evident in Austria, Bulgaria, the Federal Republic of Germany, France and the Netherlands. The last few years in the United Kingdom have seen the re-emergence on a large scale of speculative house-building for sale, characteristic of the 'thirties'. The role of private housing has been reduced, on the other hand, in Eastern Germany, Hungary and Yugoslavia.

Private house-building accounted for about one-fourth of the total in 1957 in Eastern Germany; about 40 per cent in Finland, Poland and the United Kingdom; approximately one-half in Czechoslovakia, Denmark, Hungary, the Netherlands, Sweden and Yugoslavia; well over one-half in Austria, Belgium, the Federal Republic of Germany and the USSR; about three-fourths in Bulgaria, France, Norway and Romania; and the overwhelming part in Portugal and Switzerland.

The role of housing associations increased in Austria, the Federal Republic of Germany, the Netherlands and Norway, and of housing co-operatives in Austria, Sweden, Czechoslovakia and Poland; in the last two, however, this sector is still very small. The role of industrial concerns building for their own employees has been reduced and that of local government bodies increased in Poland and the USSR, a trend apparently to ensure better planning of the programme and more orderly integration of housing estates.

Table 3 illustrates these developments.

Table 3⁽¹⁾

Dwelling Construction : Work Completed, by Builder

(1) This table, which appears as Table 8 in the Draft Annual Bulletin of Housing and Building Statistics for Europe (HOU/WP.3/Working Paper No.24/Add.1), will be included in the final version of the present document.

CHAPTER II

THE AVAILABILITY OF RESOURCES

In this chapter there is a discussion of labour problems, the supply of building materials and the sources of capital for house construction.

Manpower

Table 4 shows that employment in the construction industry increased in 1957 in many countries. In some of them the level of employment reached was higher than for a number of years, as in Austria, Czechoslovakia, the Federal Republic of Germany, France and Switzerland. In the Federal Republic of Germany and Switzerland, where the number of dwellings completed was lower in 1957 and a decline in house-building activity is expected in 1958, the higher level of employment was probably accounted for by the labour force engaged in non-residential construction. In France and especially in Switzerland imported labour continued to play an important role.

Table 4⁽¹⁾

Employment in the Construction Industry

Unemployment in the construction industry was accordingly lower in these countries and in Belgium, Denmark, Italy and Norway, as shown in Table 5.

Table 5⁽²⁾

Unemployment in the Construction Industry

At the end of 1957 unemployment tended to rise more than seasonally in most of these countries. Unemployment was appreciably higher in 1957 in Ireland, the Netherlands and Sweden. In Sweden the Labour Market Board announced early in 1958 that it will soon draw up plans for emergency jobs in public works to combat growing unemployment. The Netherlands has already decided to take steps in this

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- (1) This table, which appears as Table 9 in the Draft Annual Bulletin of Housing and Building Statistics for Europe (HOU/WP.3/Working Paper No.24/Add.1), will be included in the final version of the present document.
 - (2) This table, which appears as Table 10 in the Draft Annual Bulletin of Housing and Building Statistics for Europe (HOU/WP.3/Working Paper No.24/Add.1), will be included in the final version of the present document.

direction. The Minister of Social Affairs listed the building trades, the brickmaking industry and the wood-working industry as sectors in which employment has been declining in 1958.

There were some labour shortages, particularly in industrial regions, in Czechoslovakia and Poland, especially in masonry, plastering and finishing. The labour turnover was high in Czechoslovakia, about 30 per cent, despite preferential wages in the building trade. No significant additional recruitment is planned there or in Eastern Germany; labour shortages are expected to be compensated largely by productivity increases and improved organization. The shortage of facing-bricklayers, for example, is being overcome by mechanized plastering in Czechoslovakia and other specific shortages by training of unskilled workers. In Yugoslavia there continues to be a considerable shortage of skilled labour since nearly one-half of the labour force is unskilled and about one fourth semi-skilled. Recruitment to increase the building-trade force in the USSR continued throughout 1957.

Seasonal fluctuation has been reduced in many countries not only by a better knowledge and application of winter construction techniques but also by a more balanced distribution of orders, as in the Scandinavian countries, Austria and the Federal Republic of Germany. In Austria, Finland and Sweden, for example, a larger proportion of government building work and house-building with state financial aid is concentrated in the winter season. Private builders in Sweden have to await permission from local authorities to start work. Seasonal fluctuations appear to have been almost eliminated in Czechoslovakia and Eastern Germany.

Building materials

The production of the principal building materials in 1957 was higher in many European countries than in previous years. Production of cement was appreciably higher in Czechoslovakia, France, Poland, Turkey, the USSR and Yugoslavia; there was a substantial increase in brick production in Eastern Germany, Hungary and the USSR; output of ceramics was considerably higher in Yugoslavia; and there was a 50 per cent increase in prefabricated reinforced concrete parts and components in the USSR. There was a considerable fall in building materials production, particularly cement and bricks, in Ireland.

The supply position of building materials was sufficient for current levels of house-building in virtually all western European countries. In some eastern and southern European countries, notably Poland and Yugoslavia, the expansion or fulfilment of house-building programmes appears to have been hampered by shortages of specific building materials, particularly for finishing, and internal equipment such as kitchen and sanitary fittings, radiators and water pipes. Special efforts were made in the eastern European countries, especially the USSR, to encourage the use of local materials requiring little or no industrial processing. The increased use of these materials appears to be associated with the encouragement of private housing.

Lightweight concrete continued to gain ground over bricks in Norway and Sweden for exterior walls in multi-dwelling constructions, owing mainly to the increased height of this type of construction in Sweden and the relative price relationship of these materials in both countries. Thermal insulation based on new materials has much improved in Sweden and the USSR. In the former country the materials used are made of fibre glass, minerals and wood shavings and improvements in thermal insulation were encouraged by additional state credits, the object being to reduce heating costs. In the USSR there was a marked rise in production of lighter materials, such as hollow bricks and lighter concrete blocks, in order to lighten the construction of walls, foundations and other parts of the house. Hollow bricks, concrete elements and timber planks were introduced on a small scale in Yugoslavia. The use of new materials, including for example pitch-fibre drain-pipes and plastic pipes for cold-water services, continued to increase in the United Kingdom.

CHAPTER III

BUILDING COSTS AND PRICES

Building prices and costs continued to climb in almost every country. The rise in building costs was highest in Poland (more than 30 per cent), France (9 per cent), the Netherlands (9 per cent), Ireland (7 per cent) and Norway (6 per cent). In Portugal there was no change.

Table 6 indicates that wages in most countries rose relatively more than the prices of materials, but the higher wages are reported to have been partly offset by productivity increases in several countries. In Poland, however, where the wage increase was high (12 per cent), it was proportionately considerably less than the rise in prices of building materials.

Table 6⁽¹⁾

Price Indices on Input and Output of House-building

The prices of cement, bricks and roofing tiles rose in almost every country; prices of structural steel and reinforcing rods were appreciably higher in most countries; sawn softwood prices remained more or less stable; and the price of glass went down in several countries. The sharp increase in the prices of building materials in Poland was part of a policy of relating prices generally more closely to production costs. In Yugoslavia the increases were small and the price of cement went down. Building prices were fairly stable in Switzerland as a result of agreement among manufacturers. The price of components made from non-ferrous metals dropped in Ireland and the United Kingdom owing to a fall in the import prices of these metals, and this somewhat offset increases in prices of other building materials, including cement, paint, steel and cast-iron. A continuing increase in land prices is reported in the Federal Republic of Germany, France, Italy, Norway, Switzerland and may well have occurred in a number of other countries though precise data are not available.

(1) This table, which appears as Table 12 in the Draft Annual Bulletin of Housing and Building Statistics for Europe (HOU/WP.3/Working Paper No.24/Add.1), will be included in the final version of the present document.

CHAPTER IV

CHANGES IN HOUSING POLICY

In this chapter there is a discussion of the principal changes in housing policy during 1957 under a number of convenient headings: financial policy; rent policy; town and country planning and land policy; administrative and organizational changes; and the scope and direction of housing programmes and policies.

Financial policy

A tight money market, higher interest rates and rising building costs continued almost unabated throughout 1957 in most western European countries. In some of them the government had to come to the rescue with a temporary provision of capital, as in the Federal Republic of Germany, and with loan guarantees, as in the Netherlands, to prevent a serious decline in social housing. Several countries, however, reduced their commitments to housing by establishing financial restrictions, as in Belgium, France, Ireland, Norway, Sweden and the United Kingdom. One major consequence of these changes and of further liberalization of rent control may be a reduction of social housing, as in Belgium. As a corollary of these policies, the private non-subsidized housing sector has expanded in a number of these countries. In several eastern European countries there was further encouragement to private house-building, mainly by providing more financial aid, by better provision of materials and building sites, and by technical assistance, in the form, for example, of standard house plans. Some of the significant changes illustrating trends in 1957 are set out below.

Credit restrictions and high building costs continued to be the main problems facing the semi-public housing agencies in Belgium in 1957. The Société Nationale du Logement and the Société Nationale de la Petite Propriété Terrienne did not succeed in maintaining the level of activity reached during the years 1953 to 1955. Loans by the General Savings and Pension Fund for the construction of houses for the middle classes became more expensive with the rise in interest rates. The maximum loan limits were extended to all categories of house-building. In France the "loi-cadre" of August 1957, which aims at producing 300,000 dwellings annually for the

next five years, envisaged some financial reforms. There were in fact, however, reductions in the various types of state financial aid to the HLM (the low-cost housing agency), and to private building and reconstruction of dwellings damaged by the war; owing to current credit restrictions the reduction may be still greater in 1958. One consequence is that the number of housing starts is expected to be somewhat lower than in the past two years.

The difficulties in the capital market in the Federal Republic of Germany did not seriously affect house-building under the social housing scheme, since loans on first mortgages were provided temporarily out of a reserve fund from the federal budget. Additional tax concessions were granted to attract more capital into housing, used mainly for first mortgages on social housing. The money market for housing improved in the second half of 1957.

Plans were evolved in Czechoslovakia to introduce state subsidies and credits for co-operative housing. In Hungary the first priority in 1957 was to subsidize the reconstruction of dwellings damaged during events in the autumn of 1956. A specially subsidized miners' housing programme covering the years 1957 to 1960 was adopted in January 1957. The transformation of former government offices into flats was state financed by a government decree of March 1957. Modifications were also made in the general subsidy providing for higher loans for new housing, co-operative housing and reconstruction and repairs, the increased subsidy taking account more nearly of actual building costs. Some of the better-equipped flats previously built by the state in urban centres began to be sold on a long-term repayable basis and were purchased by the higher-income groups.

Advances made by the local authorities in Ireland to facilitate the purchase or building of new houses for owner-occupation were limited in 1957 to those whose incomes, or to farmers the valuation of whose farms did not exceed certain specified limits. A number of local authorities discontinued supplementary grants in respect of private housing operations, such as the buying or building of new houses, reconstruction, repairs or improvement of existing houses, for which state grants were previously paid.

In the Netherlands the Government took steps to offset the effect of restrictive financial and investment policy in relation to dwellings built by the municipalities and housing associations. Early in the year the Government assisted in arranging between the Bank for Netherlands Municipalities and a number of institutional

investors an agreement whereby investors undertook to make available to the municipalities a fixed amount of loans at 4.25 per cent. Furthermore, the municipalities bank issued 6 per cent bonds on the market, the State paying the interest above 4 per cent. Since the beginning of 1958 the Central Government is making available to municipalities the necessary loans for housing at 4 per cent. There was also a change in the subsidy to private house-building: for owner-built houses it is now limited to dwellings not exceeding certain building costs; higher-cost rented dwellings were excluded from subsidy but the subsidy was increased for low-cost rented dwellings.

Several changes of a financial nature became effective in Norway at the beginning of 1957. The interest rate on state loans for housing was increased from 2.5 to 3.5 per cent, but since the yield on long-term state bonds became considerably higher, the state loans for housing in effect still include a subsidy. To compensate for the higher interest rate, interest-rebates for the larger families were increased and the scheme extended to other municipalities where it did not previously apply. It was expected that this compensatory measure would leave rents for families with three children about the same as before, but that the rent for smaller families would be higher. Another important change was that the capital subsidy granted should be subject in future to amortization starting ten years after it was given.

In Sweden some modification in financial support was introduced, the general effect of which was to limit general subsidies and channel more financial aid to larger families. Capital subsidies in the form of interest-free permanent loans were reduced in amount, except for owner-occupied houses which it was decided should be encouraged on a similar scale. The capital subsidy for multi-family dwellings introduced in 1950 is to be partly repaid. Interest subsidies were also reduced, first by raising the interest on state housing loans by 1 per cent, effective from the beginning of 1958, and secondly by increasing the "guaranteed" interest rate on loans on the open market by 0.5 per cent. Thus for newly built houses the guaranteed interest is now 3.5 per cent on first mortgage loans (it should be noted that market interest rates were raised in July 1957 and are now 5.3 and 6.2 per cent for first mortgage

loans with and without guaranteed rates of interest respectively). Contributions to low-income families with two or more children were raised from the beginning of 1958 by an amount designed to offset rent increases arising from the reduction in the general subsidy. In future this contribution will also be paid to low-income families with one child. Consideration is being given to schemes stimulating systematic savings for the securing of owner-occupied dwellings. No government action has yet been taken on these proposals but some banks have initiated schemes on such lines. The credit market for multi-dwelling flats was somewhat difficult in 1957 but did not seem to affect the building of owner-occupied houses. The increase in the bank rate in July 1957, from 4 to 5 per cent, eased the supply of long-term credits for house-building.

In the United Kingdom the rise in the rate of interest on housing loans continued in 1957. In Scotland the Housing and Town Development Act of 1957 was along the same lines as the Act introduced the year before in England and Wales, with the important difference that the subsidy for general housing needs continued. Housing for relocation of the population receives the highest rate of subsidy, £42 per annum per house for sixty years; housing for the agricultural population is subsidized at the rate of £36; and housing provided for workers moving into an area to meet needs of new or expanding industries £30. All other houses provided by local authorities or housing associations after August 1957 which qualify under this Act are eligible at the rate of £24. In Northern Ireland the rate of subsidy for local authority general housing needs was increased from January 1958.

In Switzerland, where Federal subsidies ceased in 1950, following a finding by the Federal Price Control Commission that there was a serious shortage of low-cost housing, the Government was authorized in January 1958 to give financial aid to a low-cost housing programme over the next four years, totalling 10,000 dwellings. The Government will cover part of the interest rate for twenty years and is also authorized to grant certain loans on second mortgages.

In Poland the total amount of state loans for private and co-operative housing approximately tripled, although some of the increase was required to cover considerably higher building costs. State loans in the private housing sector began to be given for a longer period, twenty-five years, and covering a higher proportion of building costs, 75 to 80 per cent. In the USSR the

housing decree adopted in July 1957 provides for, in addition to a continuing growth of the public housing sector, a rapid increase in housing built at private expense with the help of state loans, free building land and other forms of assistance. The construction of dwellings by industrial undertakings and organizations using their own resources, with workers and employees contributing their labour, will be steadily expanded.

The difficulties encountered in Yugoslavia in expanding housing output to the extent which the new Housing Fund envisaged seem to have been largely resolved. Loans from this fund accounted for 14 per cent of housing capital in 1955, 35 per cent in 1956, and well over one-half in 1957. It will be recalled that these funds are derived from a 10 per cent contribution on wages and salaries in all economic enterprises and administrative bodies. The trend is to substitute increasingly the non-repayable by repayable credits in the public financing sector and to strengthen the role of communal housing funds as the main source of housing investment.

Rent policy

There was a growing liberalization of rent policy and thus further rent increases in many western European countries during 1957. The direction of some of the changes is the eventual abolishment of rent control, for example in Sweden, Switzerland and the United Kingdom. Rent control disappeared completely during the year in Belgium and Finland. Poland is the only eastern European country where a move was made towards more economic rents. The main changes in rent policy which occurred in 1957 are described below.

Rent increases, varying according to the size of a dwelling, were allowed in new leases in Austria by a Federal Law of December 1956. In Belgium the remaining rent controls were removed in June 1957. Rent on social housing provided by the semi-public agencies and built before May 1940 varies between 200 and 300 per cent of the August 1939 level; rents of those built subsequently are about 3.25 to 4.25 per cent of building costs, including the price of land. In Finland rent control was abolished at the beginning of 1958. Rents on old dwellings have already increased on an average by 30 per cent. Rents on new subsidized dwellings are at least 25 to 50 per cent higher than the new rent levels of old

dwellings; rents of new dwellings built without state aid are about twice as high as those of non-subsidized housing. There was not much change in rents in the Federal Republic of Germany, except for dwellings built under the Social Housing Scheme, which showed a slight increase, following the Housing and Family Home Act of June 1956 which changed the method of calculating rent and related it nearer to building costs. In France, where the rent level is still one of the lowest in western Europe, rents continue to increase every half year according to the provisions of earlier legislation. The Government, on the basis of a law of June 1957, is now preparing a new index of rent related to changes in building costs and in the purchasing power of tenants. Local authorities in Ireland were urged by the Minister for Local Government to review the level of rents of their older houses, with a view to adjusting them by reference to current costs of repairs and maintenance.

Following the general rent increase in the Netherlands in August 1957, the rent index, which stood at 145 in December 1956 (1939 = 100) rose to 185 in December 1957. The rent of dwellings built in recent years is considerably higher. The rent index for Housing Act dwellings, built in 1957, is about 250, owing mainly to higher building costs, since the higher interest rate on these dwellings is compensated by an additional subsidy. The rent of dwellings built by private enterprise is much higher, since it has to take into account both increased building costs and a rise in interest rates. To compensate higher interest rates in Norway, rebates to new borrowers with large families were increased. Rent for such houses remains therefore about the same. It is higher for smaller families. The index of average rents rose by 6 per cent, following an Act of June 1957 allowing rent increases in pre-war dwellings, e.g. one-sixth on houses built before 1939 and one-ninth on those built between 1939 and 1940. Some other special increases were also granted.

Increases in interest rates and a reduction in the general subsidy in Sweden led to some increases in rents. The higher rent for low-income families with two or more children was somewhat compensated by increased family allowances, beginning in January 1958. For houses completed before 1942 the total permitted increase has now reached between 31 and 39 per cent of the 1942 rent level; for houses completed after 1942 rent is fixed by local boards, the permitted increase depending upon the year of construction; for houses built after 1945

in new blocks with state loans the rise in rents was somewhat different but an attempt was made to keep pace with running costs. There remains a considerable disparity between rents of dwellings of comparable standards built at different periods. The gradual abolishment of rent control is envisaged as the housing shortage in various parts of the country is resolved. Control is to be removed in the first instance on particular categories of dwellings, such as furnished rooms, flats in one- and two-family houses, and flats in blocks administered by municipal or similar housing associations. In Switzerland authorization was given in November 1957, to come into force in the spring of 1958, for the rents of dwellings still subject to control to be raised by another 5 per cent.

In the United Kingdom the Rent Act 1957 introduced radically new arrangements for the rents and tenure of privately owned rented accommodation in Great Britain, as a step in the direction of the progressive abolishment of rent control. Hitherto, under the Rent Acts, privately-owned houses below a certain rateable value were subject to rent restrictions when let unfurnished. Some 11.4 million of the 15 million houses in Great Britain fell into this category; of these 5.7 million were let unfurnished at controlled rents, and of the remainder nearly 4.65 million were in owner-occupation and about 500,000 let furnished. The new law removed from control about 4.65 million houses in owner-occupation and any houses which at any time in the future fall vacant. In addition, the limits of the rateable value below which the Rent Acts operate were lowered, resulting in the release of some 800,000 rented houses from control, many of which are in the London area. Provision was made to increase the rent of houses in England and Wales which remain controlled, subject to limits determined by the gross rental value and provided a house is or is about to be put in good order. In Scotland provision was made for rent increases given by way of repairs increases, pending a projected revision of valuation. In Northern Ireland an amendment to the Housing and Rent Restriction Law adopted in 1956 came into force during 1957. This measure provided for certain rent increases and for the release from rent control of houses above a certain rateable value. It is obviously difficult to predict the amount of rent increases which will in fact result in Great Britain from the New Act; they are bound to be significant. Nor can the number of houses which will be vacated and perhaps sold as a consequence of the Act be

estimated. Credit restrictions and high interest rates will make it difficult for many of the former tenants who so wish to buy or build a house. The reduction in local authority housing will also add to the difficulties of reaccommodating them. Moreover, new building is often concentrated in towns or housing estates, whereas much of the housing demand seems to be in or near old cities⁽¹⁾. Some elderly tenants in particular may prove to be hardship cases, although local authorities are devoting an increasing portion of their housing programmes to one-bedroom dwellings for this category. Rent increases in 1957 were about 12 per cent, reflecting mainly a rise in local rates and, towards the end of the year, increases permitted by the Rent Act of 1957 in rents of privately-owned dwellings. The rent of dwellings owned by local authorities is not subject to the Rent Restrictions Acts and the net rents of some of them were raised in 1957, in addition to increases in inclusive rents owing to changes in local rates.

More economic rents were introduced in Poland for the first time early in 1958 for better-off population groups. Persons in the category paying turnover and income taxes will in future also pay full rents on their dwellings. Those occupying flats larger than the average fixed size will pay more than proportionately higher rents. A deposit will also be paid by all those receiving new flats. There was no change in rent policy in the other eastern European countries.

Town and country planning and land policy

There were few changes in town and country planning and land policy in western European countries in 1957. Land utilization and land prices, although part of a much wider problem, have recently given rise to major issues affecting housing in many countries. Land prices have continued to rise in a number of countries, including Belgium, the Federal Republic of Germany, Greece, France, Italy, Norway, Portugal, Spain, Switzerland and Turkey. In some of them it appears that in recent years the cost of land for housing in urban areas may well have risen more than the general rise in prices, and in particular than the cost of building.

(1) The Financial Times, April 11, 1958.

Some countries have taken steps to control the cost of building land or to ensure its availability at reasonable prices for a continuing housing programme, but the effectiveness of such action seems to have been uneven. In Belgium a law of June 1956 empowered the National Housing Society to acquire a reserve of land for future house-building, which it was expected would check speculation in land prices, but the putting into force of this measure depends on the funds at the disposal of the Society. For some years now investigations on town planning questions have been proceeding with a view to revising the legislation on this subject; a town planning commission was established by the Government in January 1957. Local communities are meanwhile continuing to prepare long-term development plans as a guide to future construction. In France the "loi-cadre" of August 1957 provided for a simplification of expropriation procedures to enable local bodies to obtain more rapidly a reserve of building land required for future construction in certain urban zones earmarked for early development. The new procedures do not appear to have checked the rise in the price of building land, one reason being that the passing into public ownership of sites intended for house-building programmes has led to speculative price increases; furthermore, competition among builders to purchase sites has become increasingly keen.⁽¹⁾ In the United Kingdom the Housing and Town Development Act 1957 for Scotland followed objectives similar to those of the Town Development Act 1952 for England and Wales. Local authorities were empowered to enter into arrangements for housing in other districts those who cannot be rehoused in their own districts owing to shortage of land for development. A differential subsidy policy helps the rehousing of such people.

In most eastern European countries long-term town and country plans, some looking forward twenty-five years, as in the USSR, are in varying stages of preparation. More detailed plans covering shorter periods have been completed for a number of specific areas and districts. These plans reflect both the short and longer-term housing programmes which have been established in these countries.⁽²⁾ Several other recent changes should be noted. In Hungary, in

(1) Le Monde, 18 April 1958.

(2) For a fuller discussion of this subject, see report on Formulation of House-Building Programmes in Eastern European Countries, Part I, ECE, Geneva, April 1958 (HOU/Working Paper No.80).

the latter part of 1957, building land previously provided at very low minimum charges began to be sold at higher fixed prices and the resulting funds used for town planning and the provision of public services. The possibility was given to buy, for house-building, land already allocated for such a purpose but on which there had been no construction. In Yugoslavia the Government announced an urbanization policy designed to limit the growth of agglomerations through the decentralization of new or expanding industries and the establishment of new, or the expansion of existing, rural communities.

Administrative and organizational changes

The trend towards decentralization developed further in 1957 in almost all eastern European countries. The essential features of this policy were the transfer of responsibility for detailed planning and execution of house-building programmes to, and the concentration of the investors' functions in, local bodies, but within the framework of the general policy and administration. The shift in responsibility to local authorities began to lead to an improved organization of housing demand and a better control of building costs. There were no significant administrative and organizational changes in western European countries except in Norway and Sweden, where the building licensing systems were liberalized. In Belgium and Yugoslavia new national institutes in the field of housing were established.

In Czechoslovakia a government decree of July 1957 provided for the setting up regionally of organs known as "general investors in housing and building" reporting directly to the regional national committees. Previously house-building orders were placed by individual industrial enterprises, administrative establishments and various institutions. The newly created regional organs took over about 90 per cent of all state house construction. Contracting enterprises and designing institutes now need deal only with a single investor in a particular region. Steps are also being taken to make the contracting enterprises and designing institutes part of a complex housing and public building authority subordinate to the regional national committee. In line with this development the Ministry of Local Economy was abolished in March 1958 and its powers transferred to the municipal committees who will henceforth have the responsibility inter alia of providing new housing and allocating living space, both in new and old dwellings.

In Hungary, following a government decision in June 1957, wider responsibility was given to municipal councils and local authorities in the preparation and execution of housing projects, except for miners, for whom housing is provided by the Ministry of Heavy Industry. The Ministry of Construction retained the responsibility for the direction and co-ordination of technical building policy and allocation of building land. As a consequence of this decision a new housing and communal policy section was established in the Ministry of Construction in

October 1957 with the following tasks: drawing up of national housing policy; formulation of annual and long-term housing programmes; inspection of construction financed by the State; and elaboration of principles of housing maintenance. A government decision of August 1957, which came into force early in 1958, provided that new housing financed by the State should be handed over to local authorities who in turn would prepare the allocation plans and manage the housing stock.

The authority of local bodies in Poland was further strengthened and the central administration of ZOR, which had earlier been responsible for almost all urban house-building, was consequently abolished. The work on standardization which had hitherto been carried out by ZOR was transferred to a new service established in the Ministry of Communal Economy. The USSR Government carried out in 1957 a reorganization of the administration of industry, including the building industry, the main feature of which was to decentralize operational management. This policy is expected to facilitate the marshalling of funds and materials required for house-building and relate them more effectively to actual local needs.

Special municipal agencies were established in Yugoslavia in 1957 in a number of large towns which took over from individual enterprises, and administrative bodies, responsibility for carrying out local housing programmes. An institute for town planning, communal and housing affairs was established for the first time on a federal level with the responsibility of advising the Government and Parliament on housing legislation. This would seem to be an important development when seen against the background of the very considerable decentralization in housing policy and programmes in Yugoslavia; it does not represent a reversal to centralization of such responsibility but rather a recognition of the need to provide a central focal point for following progress, making studies and advising the Central Government on questions in this field. The responsibility for the

execution of housing policy and programmes was in fact strengthened at the community level, partly by the establishment of a revolving housing fund in 1956 which channels about 90 per cent of such funds to local communities, and partly by the formulation of long-term housing plans for the republics and a large number of communities. The elaboration of these plans is expected to facilitate the preparation of sites, the supply of building materials and components, the availability of manpower, the provision of community facilities, and questions of town planning, many of which have not yet been satisfactorily resolved.

The building licensing systems of Norway and Sweden were liberalized in March 1957 and January 1958 respectively. In the former country licences are no longer required for dwellings of 80 m² or less and those for somewhat larger dwellings are easier to obtain than before. This change has led to an increase by nearly one-third in the number of starts of dwellings financed from sources other than the state housing banks, mainly small one- and two-family houses in the rural areas. In Sweden special building permits are no longer necessary in certain districts and in others are needed only for certain kinds of building and construction. But builders still must obtain permission from the local authorities before starting work.

In Belgium the legislation authorizing the creation of the National Housing Institute, which began to function effectively in 1957, also provided for the establishment of regional housing committees to work in collaboration with the Institute. The regional committees are expected to be set up in the course of 1958 and should be useful in helping to formulate inventories of local housing needs and in promoting slum clearance.

The scope and direction of housing programmes and policies

Most eastern European countries have announced much larger housing programmes within the framework of revised long-term economic plans. Apart from detailed annual and longer-term, generally five year, programmes setting out both the volume of house construction and the means of implementation, there are perspective plans in varying stages of preparation in nearly all these countries, covering periods of ten, fifteen and twenty years. The underlying aim is a recognition of the fact that a level of economic development has now been reached sufficient to make possible a serious and sustained attempt to eliminate the housing shortage.

These plans also make specific provision for the carrying out of the programmes in terms of requirements of building materials and components, manpower and financing, and reflect the technical policy which is being and is expected to be pursued; in all cases a steady move towards more industrialized methods of house construction.

In some western European countries there is a trend, as the housing shortage is gradually eliminated, to reduce general housing subsidies and channel a growing part of state aid to particular population groups such as large families or low-income groups, as in Ireland, Norway and Sweden; and to slum clearance programmes and modernization of old dwellings, as in Belgium, the Federal Republic of Germany and the United Kingdom. Recent changes in the scope and direction of housing programmes and policies in particular countries are described below.

A long-term housing programme at present being worked out in Czechoslovakia is designed to end the housing shortage by 1970, taking into account also the need for slum clearance and the housing requirements of mining and other key industrial sectors. In Hungary, following a government decree of January 1957, a specially subsidized four-year housing programme for miners was launched. The housing programme provides for a continuing increase in the rate of house-building which, however, will not for some time to come make an effective contribution to slum-clearance requirements. In Eastern Germany the objective is to continue expanding house-building until 1961, when it is hoped an annual rate of about 100,000 dwellings will be reached. The target is to eliminate the housing shortage by about 1975.

In Poland and Yugoslavia the urban housing problem continues to be the more urgent, owing partly to a considerable migration from rural areas; about 60 per cent of the increased urban population in Yugoslavia since 1945 is so accounted for. The substantial progress made in 1957 in Poland is largely the result of a better supply of materials which, however, as has already been pointed out, is still something of a bottleneck. The housing programme for 1956 to 1960, in which private and co-operative housing is expected to play an increasingly important role, provides for a rising rate of house-building designed in particular to achieve a clear improvement in the urban sector. In Yugoslavia the realization of the 1957 to 1961 housing programme, which is precise only for the public sector, and of the estimates for private rural house-building, would

more than double that amount of construction achieved in the comparable preceding period, the increase being even greater in urban centres. The average rate of 68,000 dwellings should be enough to maintain the present housing standard for an increasing population, but is considerably lower than the 110,000 considered necessary to eliminate the housing shortage and to raise occupancy standards.

The USSR Government announced in July 1957 that its objective is to eliminate the housing shortage in the next ten to twelve years. The sixth five-year plan, covering the period 1956 to 1960, was accordingly revised upwards to provide for a doubling of the volume of house construction compared to the preceding five-year period. It is planned to reach this target by substantially increasing the housing built both by government authorities and by private individuals and industrial workers in urban centres with state aid and assistance from various funds available to the enterprises, as well as rural housing built with state aid. A substantial lowering of building costs is expected to facilitate the carrying out of this programme. The necessary administrative and financial measures to implement the programme have been worked out. Provision has been made for a parallel increase in the production and appropriate allocation of building materials and components for house construction.

There is evidence in Belgian housing policy of a growing emphasis on the clearance of dwellings unfit for human habitation. More attention is also to be paid to public services and community facilities, the installation of part of which is to be at state expense. An additional objective is to improve the equipment of social dwellings, especially with kitchen and bathroom fittings, for which loans will be made available by the Caisse d'Epargne and the National Housing Society, on the basis of a law passed in June 1956. In the Netherlands the substantial progress made in recent years to reduce the housing shortage has been partly offset by higher than expected housing requirements. The reason is, apart from a relatively high number of marriages and a decrease in emigration, the repatriation of families from Indonesia, which in 1958 is expected to be some 45,000 persons. A major problem in maintaining a high level of building activity will be the scarcity of capital. The house-building programme for 1958 provides for the construction of 80,000 dwellings, but the supply of capital is guaranteed for only 40,000, the remaining depending entirely on private

enterprise. The number of housing starts is expected to be lower in 1958 and the completions accordingly lower in 1959. The target figure of 80,000 dwellings will remain for the next few years in order to provide also for a continuation of the slum-clearance programme.

The Housing and Home Family Act adopted in the Federal Republic of Germany in June 1956 introduced a number of changes in the scope and direction of the social housing programme and policy. A main objective was to encourage further owner-occupation in the form of individual family-houses. Apart from the financial modifications and changes in calculating rents of social housing already described, the aim of government housing policy is to maintain for the next five or six years an annual level of house-building of about 500,000 dwellings, but this should be at least 10 per cent higher in order to abolish the housing shortage. An attempt will also be made to improve the size and equipment of social housing. In 1957 the rehousing of refugees and the miners' housing programme were of particular importance; the former is expected to be accelerated in 1958.

In France the "loi-cadre" of August 1957 provided a framework within which housing output was intended to reach at least 300,000 dwellings annually for the next five years. An essential objective of this legislation was to assure a continuity of production which was considered a fundamental factor in encouraging the modernization of the building industry. The new law also contains administrative and financial provisions for slum clearance, designed to replace 15,000 dwellings annually. In view of current budgetary difficulties and credit restrictions it seems doubtful whether the target of 300,000 dwellings will be reached this year or in 1959. In Sweden home construction for the next few years is estimated at 65,000 dwellings, which is slightly higher than the post-war record achieved in 1957. Housing policy increasingly favours what is known as "group building", already described, i.e., the building of one- or two-storey family houses for owner-occupation or letting on a larger scale, partly to obtain the benefits of larger-scale production and partly to check rented accommodation being provided only in multi-dwelling buildings.

The direction of housing policy in the United Kingdom is to channel a greater proportion of state aid through subsidies to specific purposes, i.e. accommodation of displaced slum dwellers, re-allocation of overspill population in new or expanded

towns, and the building of one-bedroom dwellings mainly for old people. This shift in emphasis is encouraged by differential subsidies. One policy aim is to restrain expansionary tendencies in house-building, in the light of the national financial situation and of the effective progress made in increasing the national housing stock since the war. There is probably an approximate over-all parity in numbers between the total number of households and dwellings, but shortages remain in certain areas, particularly in London and other large towns of England, Wales and Scotland, and for certain population groups, especially old people. The major problem in Great Britain, however, is the existence of some 1 million unfit houses, mainly in the larger towns such as Liverpool, Manchester, Birmingham and Leeds. Five-year programmes of rehousing tenants from slum areas have been prepared by local authorities, but there will still remain a substantial stock of unfit houses to be cleared and many more houses not now regarded as unfit will become so while existing slums are still being cleared. House-building in the public sector in England and Wales is thus likely to concentrate increasingly over the next few years mainly in areas where there are considerable slums or where there is a rapid influx of population. A moderate reduction to about four-fifths of the 1957 level is probable in the local authority housing programme over the next few years. No significant fall is expected in private house-building, but this is likely to depend partly on the general economic climate. Dwelling starts in 1957 were slightly lower and those under construction at the end of the year about 10 per cent lower than in the preceding year, which would imply a lower rate of completions for 1958. The present outlook for the next few years is that national production of new houses will be somewhat reduced from its recent high levels and that the main objective of the social housing sector will be the clearance of unfit dwellings, the resolution of local shortages and the modernization of dwellings which, though structurally sound, lack modern amenities.

CHAPTER V

THE PRESENT HOUSING SITUATION AND FUTURE PROSPECTS

The following appear to be the main conclusions that can be drawn tentatively from an examination of housing trends and changes in housing policy in Europe in 1957:

- (i) a post-war record in the number of dwellings completed was achieved in Europe as a whole in 1957. The rate of increase was much higher than in the preceding year. About one-fourth of the dwellings built made possible a net improvement in the European housing situation;
- (ii) a trend emerged in many western European countries towards a stabilization in the level of house-building. In some countries, especially those where the rate of house-building in recent years was comparatively high, a tendency to reduce new housing activity had already started in 1956. In most countries a decline in the number of housing starts continued in the first half of 1958. It can accordingly be expected that in a large number of western European countries there will be some decrease in the number of housing completions in 1958 and 1959. In almost all eastern European countries, where in the main since the war the level of housing activity has been particularly low in relation to requirements, there was a sharp rise in house-building activity and further increases are planned;
- (iii) despite the significant increase in the European output of housing in 1957, it would appear that in only a few countries was the rate of construction in the last few years more or less satisfactory in relation to requirements. In a large number of both eastern and western European countries a general housing shortage and shortages in particular regions or for certain population groups persist. Moreover, in many countries a substantial proportion of old dwellings need to be modernized to bring them up to an adequate standard, or to be replaced altogether, but comparatively little has so far been done in this direction;
- (iv) as to the size and quality of new housing, improvements are to be noted almost everywhere. In several countries, where the size of existing dwellings was about or above the European average in terms of number of rooms per dwelling, the trend has been to diversify new housing to

correspond to the range of needs of different family types and sizes, including old people and single adults; on the other hand, in some countries where the average size of existing dwellings appeared satisfactory a considerable proportion of new housing continued to be in the form of large dwellings despite a declining building activity or a shortage of housing. In countries where small dwellings are the rule, there was a deliberate attempt to improve the standard by building larger ones. The trend towards larger dwellings, however, has not significantly changed the proportion of small dwellings in most of these countries;

- (v) the private housing sector appears to have been steadily increasing in relative importance in many European countries, partly as a result of changes in financial policy and partly owing to progress made earlier with non-profit housing by public or semi-public bodies, as in Belgium, Ireland, Norway, Sweden and the United Kingdom; partly by liberalization of building licensing, as in Norway and Sweden; and partly by increased direct encouragement through state aid and an improved supply of building materials and components, as in Czechoslovakia, Poland and the USSR. Significant increases in private house-building are also evident in Austria, Bulgaria, the Federal Republic of Germany, France and the Netherlands. In the United Kingdom the last few years have seen the re-emergence on a large scale of speculative house-building for sale, which was characteristic of the 'thirties. Private housing has been declining in Eastern Germany, Hungary, and Yugoslavia. The role of housing associations increased in Austria, the Federal Republic of Germany, the Netherlands and Norway, and of housing co-operatives in Austria, Sweden and Czechoslovakia and Poland; in the last two countries, however, this sector is still small. Finally, the role of industrial concerns building for their own employees was reduced and that of local government bodies increased in Poland and the USSR, a trend apparently to ensure better planning of the housing programme and a more orderly integration of housing estates;
- (vi) unemployment in the building and allied trades emerged in a number of western European countries, where new housing activity tended to decline,

and in some, notably Ireland, the Netherlands and Sweden, the rise in unemployment was considerable. There were some labour shortages, particularly in industrial regions, in Czechoslovakia, where at the same time the manpower turnover was high despite preferential wages in the building trade, and in Poland. Limits to additional recruitment appear to have been reached in Czechoslovakia and Eastern Germany where labour shortages are expected to be made up largely by productivity increases and improved organization. In some of the less developed countries where the availability of manpower is adequate the problem is rather to increase the supply of skilled and semi-skilled labour. Seasonal fluctuations were reduced in many countries not only by a better knowledge and application of winter construction techniques, but also by a more balanced distribution of orders throughout the year;

- (vii) the supply of building materials was sufficient for current levels of house-building in virtually all western European countries. In some eastern and southern European countries, notably Poland and Yugoslavia, expansion or fulfilment of house-building programmes was apparently hampered by shortages of specific building materials. Special efforts were made in the eastern European countries, especially the USSR, to encourage the use of local materials requiring little or no industrial processing. Lightweight concrete continued to gain ground over bricks in Norway and Sweden. Thermal insulation using new materials was improved in Sweden and the USSR. Production of lighter materials, such as hollow bricks and lightweight concrete, increased in a number of countries and new materials based on plastics were introduced, as for example plastic pipes for cold-water services in the United Kingdom and plastic blocks for walls in the USSR;
- (viii) building prices and costs continued to climb in virtually every country. Wages in most countries rose relatively more than the prices of materials, but in several the higher wages were apparently partly offset by productivity increases;
- (ix) a tight money market and higher interest rates continued almost unabated throughout 1957 in most western European countries. In some of them the government, in order to prevent a serious decline in social housing, had to come to the rescue with a temporary provision of capital, as in the

- Federal Republic of Germany, and by loan guarantees, as in the Netherlands. Several countries, however, reduced their commitments to housing by establishing financial restrictions, as in Belgium, France, Ireland, Norway, Sweden and the United Kingdom. One major consequence of these changes and of further liberalization of rent control may be a reduction of social housing, as in Belgium. As a corollary, the private non-subsidized housing sector has expanded in a number of these countries. In several eastern European countries there was further encouragement to private house-building, mainly by providing more financial aid, by a better provision of materials and building sites, and by technical assistance in the form, for example, of standard house plans;
- (x) there was a growing liberalization of rent policy and thus further rent increases in many western European countries during 1957. The direction of some of these changes is towards the eventual abolishment of rent control, for example in Sweden, Switzerland and the United Kingdom. Rent control disappeared completely during the year in Belgium and Finland. Poland was the only eastern European country where a move was made towards more economic rents;
- (xi) land utilization and land prices, although part of a much wider problem, gave rise to major issues affecting housing in many countries. Land prices continued to rise in a number of countries, including Belgium, the Federal Republic of Germany, Greece, France, Italy, Norway, Portugal, Spain, Switzerland and Turkey. In some of them it appears that in recent years the cost of land for housing in urban areas may well have risen more than the general rise in prices, and in particular than the cost of building. Some countries took steps to control the cost of building-land or to ensure its availability at reasonable prices for a continuing housing programme, but the effectiveness of such action seems to have been uneven;
- (xii) the trend towards decentralization continued in 1957 in almost all eastern European countries. The essential features of this policy were the transfer of responsibility for detailed planning and execution of house-building programmes to, and the concentration of the investors' functions in, local bodies, but within the framework of the general policy and administration. The shift in responsibility to local

authorities began to lead to improved organization of housing demand and a better control of building costs;

- (xiii) most eastern European countries announced much larger housing programmes within the framework of revised long-term economic plans. Apart from detailed annual and longer-term, generally five year, programmes providing for both the volume of house construction and the means of implementation, there are still longer-term plans in varying stages of preparation in nearly all these countries covering periods of ten, fifteen and twenty years. The underlying aim is the recognition of the fact that a level of economic development sufficient to make possible a serious and sustained attempt to eliminate the housing shortage has now been reached. In some western European countries there is a trend, as the general housing shortage is gradually eliminated, to change the direction of the housing programme more in favour of particular population groups, such as large families or low-income groups and to slum-clearance programmes and the modernization of old dwellings.

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HOUSING COMMITTEE

(Item 6 of the provisional agenda
for the sixteenth session)

FORMULATION OF HOUSE-BUILDING PROGRAMMES

Note by the Secretariat

The subject of the formulation of house-building programmes was treated in the 1954 and 1956 Housing Reviews⁽¹⁾ and the next stage of the work on this question was agreed by the Committee at its fourteenth session in May 1957 (E/ECE/HOU/57, paragraph 5 (c)). The rapporteurs, Mr. Andrzejewski (Poland) and Mr. Björk (Sweden) undertook to prepare their provisional report in two parts, covering eastern Europe and western Europe, respectively. Part II is circulated herewith and Part I will follow shortly, in the form of an addendum. It is intended to combine the two papers in the definitive version, which will be prepared after the Committee session and included in the published report on European Housing Trends and Policies in 1957.

(1) European Housing Developments and Policies in 1954, ECE, Geneva, August 1955 (E/ECE/209) Part II, Section 3; European Housing Trends and Policies in 1956, July 1957 (E/ECE/292) Part II.

PART II

FORMULATION OF HOUSE-BUILDING PROGRAMMES IN CERTAIN COUNTRIES OF WESTERN EUROPE

Provisional report prepared by Mr. L. Björk (Sweden), Rapporteur

This preliminary report takes into account information supplied by the Governments of the following countries: Austria, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Netherlands, Norway, Sweden and the United Kingdom. It is divided into two main parts, the first discussing in general terms the scope and character of house-building programmes in the various reporting countries and the second part describing the methods used in some of these countries when estimating housing needs.

1. The scope and character of house-building programmes

Annual programmes for house construction forming part of a national budget, in other words a national building programme, are formulated in Denmark, Norway, the Netherlands and Sweden. Although these programmes control directly only that part of house construction that is financed with State assistance they may be said to cover total house construction. In the countries concerned only a minor part of house construction is entirely privately financed, and is included in the programme as a forecast.

The main object of the annual programmes in these countries is to regulate the priority of housing within the framework of a general economic policy, aiming at keeping investment and consumption within the limits of available physical resources. They thus regulate the amounts of State loans and subsidies that are put at the disposal of builders, but do not directly guide the initiatives in house construction, which are taken by municipalities, housing associations, co-operative societies and private enterprise.

Although in the countries concerned certain conditions as to size and type of dwellings to be financed with State assistance are laid down, the annual housing programmes by and large do not direct the distribution of house construction in dwellings of various sizes. In Sweden, however, as far as State financed housing is concerned, separate estimates are made respectively for one and two dwelling houses and multi-dwelling flats.

Long-term considerations influence the content of the annual programmes of all the countries mentioned here, but the countries have treated in different ways the problem of formulating housing programmes for more than one year.

Thus in Denmark the amount of funds which may be used annually for the granting of Government loans has been fixed in the Government Aid to Housing Act, which will be in force for a period of four years. In Norway the economic development programme covering the period 1958 to 1961 includes a recommendation that at least 100,000 new dwelling-units should be built within that period. It was also recommended that while house construction should continue to be concentrated mainly on medium-sized family dwellings, special account should be taken of the housing needs of the aged and of single persons. In the Netherlands there is no official long-term national housing programme and in Sweden it might be said that an official directive exists only in the sense that the Government stated in 1957 that the level of house construction already reached should if possible be further increased during the coming years and that the municipalities could base their programming on that assumption.

As already indicated the national housing programmes mentioned regulate the priority of housing within the national economy. They can also be regarded as programmes for the financial support of housing, but they do not in any other sense refer to the administrative, organizational and other preparatory measures necessary to implement the programme. Nor do these programmes aim at any firmly specified target as to the improvement of housing conditions. In all these countries a more active programming of housing in the latter respects is entirely a concern of the municipalities or of private enterprise.

In the United Kingdom the situation as to national long-term planning of house construction is similar to that in the Netherlands and the Scandinavian countries since no very definite long-term programmes have been officially adopted. There has nevertheless been a housing target at various levels operating since the end of the war in 1945. Until 1955 this target was given in terms of a certain number of dwelling-units to be built annually. From 1955 onwards the Government's overall policy has been a revised target of a different kind - the removal of 200,000 people annually from demolished unfit dwellings. As the implementation of housing programmes is the responsibility of the local authorities the sole function of these targets has been to guide the central governmental agencies in the controlling of the volume of housing by means of monetary controls, granting of loan sanctions to local authorities, and (previously) the licensing of private building.

In Ireland it is also a statutory duty of local authorities to ensure decent housing conditions within their respective districts. The national long-term programme, which was initiated in April 1947, thus seems to serve mainly as a guide for the Department of Local Government when exercising its general supervision of the programmes of the local authorities and granting subsidies to working-class housing. The national programme refers to the social aims of housing policy which are stated in the following terms:

Within ten years of 1947 if possible, or otherwise within the briefest period practicable

- (a) the rehousing of all families living in unfit or overcrowded dwellings should be secured;
- (b) the unfit dwellings vacated should be closed or demolished and the recurrence of overcrowded conditions in other dwellings should be avoided. Unfitness and overcrowding are in this connexion determined by certain norms;
- (c) the increment of new housing needs that is expected to arise through demographic factors and obsolescence of old houses, should be satisfied; and
- (d) the existing national stock of satisfactory dwellings should be preserved and the reconditioning and necessary improvement secured of existing houses which, though unfit in some respects are capable at reasonable cost of being made fit for habitation. The programme indicated the total number of dwellings estimated to be required over the country as a whole at that time, and also the total number of working-class dwellings needed in each local authority area.

In contrast with the programmes previously mentioned, Ireland's long-term programme seems to emphasize the social aims of housing policy rather than give minimum figures for the volume of house construction for which financial and other resources should be made available.

In France, with its centralized administration, the national annual long-term housing programmes have quite another character. The housing programme for the period 1958 to 1963, like that for the preceding period, 1954 to 1957, is part of a general programme for the development and modernization of economic and social activities. It is designed to co-ordinate the building activity of the state-sponsored HLM organization and private builders. This programme, which is being elaborated in accordance with the "loi cadre" of August 1957, stipulates not only the financial support, but also the amount of labour and materials required. The Act also authorizes the Ministry of Housing and Reconstruction to establish the administrative regulations necessary for the implementation of the programme.

The general aim of this plan is to abolish overcrowding as far as possible, to demolish unsanitary dwellings and to construct dwellings at a pace corresponding to the needs created by demographic development.

The Act, which provides for the building of an annual average of 300,000 dwelling-units, stipulates the minimum amount of state loans to be granted to the HLM organization, as well as the part of the grants to be used for the construction of rented apartments. A certain fixed amount should be granted for the construction of dwellings in the Paris region. The minimum amount of loans to be granted to private builders is also stated.

In the Federal Republic of Germany a four year programme covering all house construction was adopted in December 1953. According to this programme 2.2 million dwellings (social dwellings, dwellings built with the aid of tax-concessions and privately financed dwellings) should be built. The Federal Minister of Housing in co-operation with the Länder is authorized to take the necessary measures to overcome any difficulties in the financing of the general housing programme, in particular to secure the necessary funds from the capital market.

Parallel to this general programme, long-term programmes for specific groups of the population have been in operation.

The first Housing Act as amended in August 1953 provided that a total of 2 million dwellings should be built for the lower-income groups of the population under a six-year programme covering the period 1951 to 1956. For this purpose public funds were set aside every year. Within the framework of this programme the Länder of the Bund had to elaborate annual house-building programmes, which were co-ordinated by the Federal Minister for Housing.

The regulations of the First Housing Act with respect to the preparation of state-assisted social housing programmes were applicable also under the Second Housing Act of June 1956. Consequently another total of 1.8 million social dwellings are to be erected during the period 1957 to 1962. In the annual social house-building programmes of the Länder, the following details are to be provided: the number of dwelling-units subdivided into new constructions, reconstructions, etc.; the number of dwellings to be built for special groups, e.g. miners, refugees and agricultural workers; the proposed number of owner-occupied and rented dwellings, and a description of the financing methods.

In some of the reporting countries, national house construction programmes have been elaborated only for special groups of the population or for special categories of dwellings.

In Austria there is a national house-construction programme only in the sense that certain amounts of state grants for special categories of houses are put aside every year. In Finland extensive house-building programmes have been elaborated only for meeting exceptional conditions, for instance the rebuilding programme for the war-destroyed areas in northern Finland and Lapland. The State Housing Board (ARAVA), which since 1949 has been responsible for granting state secondary loans to housing, has been guided by reports and surveys on housing needs in different parts of the country, made by various state committees and private national organizations. However, a committee recently appointed by ARAVA will in the near future tackle the question of how a national house-building programme should be prepared.

In Italy national housing programmes are elaborated only with reference to "people's housing", that is, dwellings for the poorer section of the population, erected with the aid of state grants.

For every financial year the Ministry of Public Works has to make a programme for the allocation of state grants put at the disposal of the various agencies building people's dwellings or carrying out slum-clearance projects. The state grants are divided between the provincial boards responsible for the construction of people's dwellings, the INCIS (the State board for the construction of dwellings for state employees), and co-operative building societies. The provincial boards and the INCIS elaborate annual building programmes, but no special national plan is worked out for the co-operative enterprises. The activities of the INA-Casa, an organization which is independent of the Ministry, are regulated by a seven-year programme.

The CEP, a committee under the chairmanship of the Minister of Public Works, was formed at the beginning of 1956 in order to co-ordinate the activities of the various organizations in the field of house construction. One of its first tasks was the elaboration of a three-year programme for the co-ordination of town planning, site development and other preparatory measures. Representatives of the municipal authorities concerned participate in the meetings of the committee.

The allocation of house-construction to regions and local areas; municipal and regional house-building programmes

When allocating total house construction by regions and local areas, the central authorities, in countries where house-construction is more or less centrally regulated, rely on regional and local house-building programmes. In some of the countries annual or long-term local programmes are elaborated in close co-operation between

central and local authorities, while in others the central authorities responsible for the division of the national house-construction programme between different regions and local areas are guided mainly by centrally or regionally prepared estimates of current local housing requirements and of building capacity in the various local areas. The administrative methods will not be described here in any detail - it is sufficient to state that in the countries mentioned annual quotas for regions and municipalities have been in use for the purpose of making possible a certain programming on the local level. The quotas have been stated in terms either of dwelling-units or of money. In calculating the quotas the authorities have to a varying degree taken account of the housing requirements in the respective local areas, the availability of building labour, the provision of developed sites, and the completed town plans etc. The quotas have usually been flexible in the sense that an improvement in the country's general economic situation or in the supply of building labour in a given area has resulted in an increase in the volume of house-construction originally allocated.

In some cases quotas have been granted for more than one year. Thus in the Netherlands regional and municipal quotas were granted for the three-year period 1952 to 1956. In Sweden at present the bigger municipalities have been asked to supply details for the elaboration of a three-year minimum programme outlining local housing needs in relation to the financial and material resources available.

In the United Kingdom and Ireland local-authority-house-construction is closely supervised by the central and regional authorities. Local annual targets have occasionally been set for local authority programmes.

In most of the reporting countries local house-building programmes covering more than one year have been elaborated at least in some cases. In France the national five-year programme is based on a co-ordination of local proposals; the same would seem to apply in the case of Italy's long-term programme. In the United Kingdom in 1954 the local housing authorities were asked to formulate five-year programmes for the clearance and replacement of unfit dwellings; these programmes were then approved with or without amendment by the Minister. In Denmark building programmes for the period 1955 to 1959 have been laid down for a few districts through the collaboration of the municipalities concerned. A few towns in Sweden have adopted ten-year programmes which specify the volume of house-construction aimed at, as well as general directives on the distribution of house-construction by various types of dwellings and in different parts of the cities. A programme for the co-ordination of house-construction within the communes of Greater Stockholm has been adopted by the

municipalities concerned and will last until 1963. The municipal authorities of the Netherlands sometimes adopt programmes which cover more than one year and which usually distinguish between housing for the lower-income groups, commissioned by the municipal authorities or house-building associations, and housebuilding by private individuals.

In some of the countries mentioned town-planning schemes for local areas and regions include recommendations on the volume of house-construction to be aimed at over the following ten to twenty years, but these recommendations are usually not to be regarded as constituting a programme of action in the proper sense of the word.

The long-term house-construction programmes of the municipalities are generally flexible. They serve as a guide in the planning and developing of sites and in the co-ordination of municipal and private initiative, and contain elements of obligation only insofar as they imply the execution of corrective town-planning legislation, and exert administrative restrictions on construction.

2. Methods of estimating housing needs

While considerations of housing needs evidently play a part in all housing programmes, the annual targets or the programmes in this field which form part of relatively short-term national investment programmes are usually not based on very precise estimates. This is quite normal in countries with a large housing shortage or whose high demand for new dwellings cannot possibly be satisfied within a few years. For short-term programming the most crucial question is how large a part of the country's physical and financial resources can reasonably be put at the disposal of housing construction.

The question raised when establishing the target is on the one hand what relative weight should be attributed to housing needs as compared to other investment needs and, on the other hand, what are the practical possibilities within a limited time of transferring to housing the resources of other fields of economic activity. Questions of this kind are seldom decided on the basis of scientific criteria.

As already mentioned, schematic calculations of local housing requirements are in some countries used when an annual housing programme is allocated to various local areas and regions. The main concern in this report will be, however, the more elaborate estimates of housing needs that are taken into account when programmes extending over, say, five to twenty years are formulated. Such estimates are not only made in countries with an officially adopted long-term housing programme; in other countries, too, they often serve as an unofficial basis for the discussion of long-term trends in housing policy.

Estimates of housing needs based on population prognoses combined with data from housing censuses have been carried out in a number of countries. The methods used in Sweden have been described in HOU/Working Paper No. 49. Similar estimates have been made in Denmark and Norway. The Danish estimates are briefly described below.

The Danish National Institute of Building Research has made a prognosis of the population trend from 1950 till 1978 for the whole country, according to age and family status by five-year intervals. On the basis of this, the Ministry of Housing has estimated the housing demand likely to arise from demographic development. Each age group, and within the age group each civil status, has been considered separately. The assumptions of future housing demand are based on recent trends in housing habits, in real income and in housing prices. The need for a reserve of vacant dwellings has also been considered as well as the need to replace dwellings in slum quarters, dwellings converted to business premises, and dwellings left vacant as a result of internal migration but, so far, no estimate of these particular housing needs has been attempted; nor has a breakdown of housing demand into different sizes and types of dwelling-unit been estimated.

The Ministry of Housing is dividing the forecast geographically, in order to obtain a local figure for each borough with suburbs and for each urban district with more than 1,000 inhabitants. The method used is purely arithmetical, the sum of the population figures obtained from the local forecasts being no greater than that of the national prognosis. It is hoped thereby to assist the municipalities in estimating inter alia the development of local housing needs, having regard to special local conditions. The various revised estimates will then be co-ordinated so as to agree with the national prognosis.

In the Netherlands, France and Italy for example population censuses have been used in a similar way as a basis for national or regional population forecasts and forecasts of housing requirements arising from changes in the size and structure of the population. More emphasis, however, seems to be put on other methods for the determination of housing requirements. Thus in the Netherlands the problem of keeping estimates of current housing requirements up to date is of much concern to the Central Bureau of Statistics. The connexion between housing requirements and the population structure can be made clear by combining data from housing and family censuses (1947 and 1956) on the one hand and population censuses on the other; and by studying current population statistics in regard to changes in age and civil status it is

possible to follow the yearly development in housing requirements insofar as these are determined by such changes. In determining regional changes in housing needs, marriage and migration statistics are also utilized. The most important changes in certain qualitative characteristics of the housing stock, such as type, age, rent and size of the houses are also regularly kept up to date by means of current statistics.

For the purpose of making the more detailed municipal housing programmes that take into account the various types and sizes of dwelling, the Central Bureau of Statistics can also supply basic statistics on present and anticipated family formation. Sociological investigations on the basis of interviews have also been carried out, giving a large number of regionally differentiated details regarding the residential desiderata and spatial requirements of families, distributed inter alia according to social status, size and age.

In France the various factors determining housing requirements (defined in an essentially normative way) seem to have been considered more systematically than in any other country discussed. Calculations of national and local housing needs are very closely co-ordinated in establishing the housing programme.

The central planning authority bases its estimates on a study made by the Ministry of Housing and Reconstruction in 1953, in which housing needs were subdivided into four categories, namely, those arising out of: overcrowding, renewal of residential buildings, demographic increase, and internal migration.

In this connexion a normal dwelling is defined as containing one livingroom, one bedroom for the parents and one for two children of the same sex, or for one child if there are no more children of the same sex in the family.

The number of dwelling-units to be built in the urban areas until the end of the five-year plan (middle of 1963) in order to cover the needs defined above have been calculated as follows:

1. The number of dwellings theoretically necessary as at 10 May 1954 (date of the census) to supply the inhabitants of overcrowded dwellings with adequate dwelling-units

This has been achieved by means of a very detailed sampling survey, covering one-twentieth of the housing stock, of the number of more or less overcrowded dwelling-units.

2. The number of unsanitary slum dwellings that should be cleared

A calculation has been made for each commune by the "Secretariat d'Etat à la Reconstruction et au Logement". The distribution according to type of household of the slum dwellers was calculated by means of statistical data on 7,000 slum dwellings.

3. The increase of the number of households from May 1954 until the middle of 1963

This has been estimated by the Central Bureau of Statistics, on the assumption that this increase should correspond to that in the number of families.

4. Internal migration

Future internal migration has been calculated on the basis of observed trends. Attention has also been paid to the directives of the third general plan for the development and modernization of economic and social activities in France. These directives foresee that the population working in agriculture will decrease owing to its increasing average age and to the increase in its yield per capita.

5. The number of dwelling-units built or started during the period May 1954 to December 1956

This has been estimated by means of existing statistical data.

6. The number of formerly overcrowded dwellings made available by evacuation

This has been calculated by the aid of the statistics referred to under point 1, above.

The housing needs of the agricultural population have been evaluated by essentially the same methods, attention being paid to certain special characteristics.

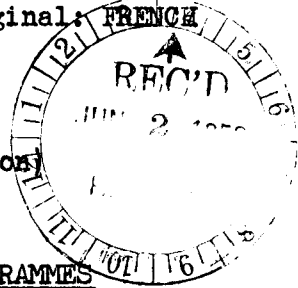
In Ireland housing requirements are calculated by reference to existing conditions rather than on the basis of demographic forecasts, although trends in population revealed by the decennial censuses are borne in mind. The local authorities are obliged to make a regular inspection of their districts in order to ascertain what houses are unfit for habitation. Particulars of families living in overcrowded conditions are at the same time compiled and the structural condition of premises examined. On the basis of this information the local authorities are able to formulate their housing programmes, determining not only the number of houses to be built but also of what type and size. The national housing programme would appear to be based on a summation of such local programmes.

In the United Kingdom the problems of measuring housing needs are similarly approached at the local level. Counties and county boroughs, in their capacity as local planning authorities, undertake more elaborate five-year and twenty-year forecasts of all relevant local conditions. When housing needs are discussed on the national scale, the general assumption is that it would be desirable to work towards the position where each household may occupy a separate dwelling.

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HOUSING COMMITTEE

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PART I

THE FORMULATION OF HOUSE-BUILDING PROGRAMMES

IN THE COUNTRIES OF EASTERN EUROPE

Provisional report prepared by

Mr. A. Andrzejewski (Poland) (Rapporteur)

This report should begin with a reference to the main factors which, in the countries of Eastern Europe, influence the structure and preparation of housing programmes and have a bearing on the definition of the objects that are to receive tangible expression in the house-building plans.

1. The development of the national economy in the countries mentioned is controlled by planning, and plans for house building are co-ordinated with the general planning system. ^{1/}
2. In all these countries, the State and other public institutions play an outstanding part in house building. To a great extent, it is the State itself which is directly responsible for the construction of dwellings, and it has a decisive influence on the development of the remainder of housing construction. This circumstance has a bearing on the degree of reality of the plans.
3. Because the housing policy is part of the social policy - a feature reflected in e.g. the low-rent policy and the system of allocating dwelling space - it is possible to rely on objective criteria for the purpose of estimating the needs by reference to which the house-building programmes are prepared. In this way, the need to balance building costs and individual financial resources is largely eliminated.

^{1/} A distinction is drawn in the economic terminology of the socialist countries between a "plan" and a "programme". In its most generally accepted meaning, a plan not only indicates the targets to be achieved but also guarantees the means required for their achievement. The purpose of a programme, on the other hand, is mainly to set out the work to be done; hence, a programme is less mandatory.

A. General character of house-building plans

The house-building plans in the countries which have replied 1/ to the questionnaire relating to this part of Europe are of two kinds: those which may be described as investment plans, and those which are in the nature of housing and town and country planning concerned with an urban or regional area ("town or regional planning").

Investment plans

House building plans of this kind form an integral part of the general economic and investment plan. They specify the tasks to be accomplished in the matter of investment in housing, the volume of housing construction, the funds required and other particulars (building materials, labour, the development of building enterprises and their mechanical equipment) which are indispensable if the volume of building envisaged is to be achieved. In several countries there are, in addition to plans for housing construction, plans dealing with major repairs to existing building property. All these tasks are defined in the light of the general plans relating to the development of the national economy, to the increase in the national income, to the level of investment, and to the relative importance given in these plans to the different sectors of the national economy. If the supply of the physical means mentioned above (which are essential to the execution of house-building plans) is to be guaranteed, the investment in construction as a whole must be in equilibrium: the manpower has to be calculated against the background of the general employment plans, of the demand for building materials and of the output of such materials.

House-building plans may be classified according to the length of the period over which they are spread (see table 1): (a) plans covering a few years only; (b) annual plans; and (c) longer-term plans.

1/ Bulgaria, Czechoslovakia, Hungary, Poland, Romania, the USSR and Yugoslavia.

Table 1
Investment plans relating to housing construction
in the countries of Eastern Europe

Country	Short-term plans	Longer-term plans (in preparation)
Bulgaria	Five-year plan (1956-1960) Annual plans	
Czechoslovakia	Five-year plan (1956-60) Annual plans	Plan for period up to 1975
Hungary	Three-year plan (1958-1960)	Plan covering ten to fifteen years
Poland	Five-year plan (1956-60) Three-year plans and annual plans	Plan for period 1960-1975
Romania	Five-year plan (1956-60) Annual plans	Plan covering fifteen to twenty years
USSR	Five-year plan (1956-60) Annual plans	Plan for improving housing conditions approved in 1957 and covering ten to twelve years
Yugoslavia	Five-year plan (1957-61) Annual plans	Plan for period up to 1980

The plans relating to shorter periods normally cover five years. Only in Hungary is a three-year plan, for the years 1958-1960, now being prepared. This, however, is merely a consequence of the events of 1956 and of certain changes introduced into economic policy as a result of which the objects of the earlier plan (covering the years 1955-1960) had to be reformulated. The five-year plans form the basis of the annual plans covering investment in house building; these relate to the execution stage and are much more specific. In Poland, apart from the five-year plan (which only gives a very general indication of the building to be carried out) and from the detailed annual plans, three-year housing construction plans are prepared. These specify the exact places where the building is to be

undertaken and are intended to ensure the necessary continuity of the preparatory work in the various places and regions.

The longer-term plans are now being prepared. These, too, are integrated with the general longer-term plan for the national economy and lay down the general trend of house-building policy for periods of ten, fifteen and twenty years. From the reports one gathers that these plans are at different stages of preparation, some being more advanced than others. Yugoslavia was first in the field with longer-term plans, in 1955. A plan of this kind should specify the relationship between developments in housing construction and the expansion of other sectors of the economy and of the national economy as a whole. The programme for the improvement of housing in the USSR, which covers ten to twelve years and is embodied in the decision of July 1957, is of a slightly different nature and will be discussed later. It is a plan to be implemented over a long term which specifies the various steps to be taken to eliminate the housing shortage within that period.

In addition to the general house-building plan at the national level, there are more particular plans relating to specific territories. The regional spread of the plans depends on the size of the countries and on their political structure. In the USSR, for example, there are plans relating to the various republics, to the autonomous territories, to the economic regions and to all the larger towns. In Yugoslavia the plan relating to the entire Federation is subdivided into plans relating to the different republics, to the administrative districts, and to certain towns. Similarly, in the other countries, detailed plans are drawn up for the various administrative districts or for certain economic regions.

As a parallel to the regional planning, there are in most of the countries more detailed plans co-ordinating in the various sectors of the national economy the building activities organized by the various ministries, and separate building plans of local authorities or special State institutions responsible for organizing and administering house-building projects (e.g. the industrial housing authorities in Poland and the central housing and civilian construction authority in Czechoslovakia). The division of the plan so far as it relates to housing depends on the system of organization of house-building undertaken with public funds and on the role of the different State undertakings and institutions, the local authorities and the special bodies concerned with house-building mentioned above.

For the most part, house-building plans receive governmental approval. In the Soviet Union, for instance, the five-year and annual house building plans and the general economic development plan, of which they are a part, are approved at the same time. The Governments of the Soviet Republics then give their approval in like manner to the plans at the lower level. In Poland the general outlines of the house-building plan embodied in the economic plan are approved by the Sejm, whereas the more detailed plan subsequently drawn up is approved by the Council of Ministers. In Yugoslavia, the plan requires the approval of the Federal Assembly.

The targets of the house-building plans are fixed by reference to the general economic situation and to the housing situation and in relation to the general raising of the population's level of living, these three factors being related to the nature of the development of the socialist economy. In most of these countries, the housing situation is still suffering from the effects of the difficult housing conditions of the prewar period and also from the heavy destruction which occurred during the war. Furthermore, in consequence of the very high rate of population growth (higher than the European average) these countries are now experiencing a large increase in fresh demands for housing. And, lastly, the policy of expanding production and the transformation of the social and economic structure, which involve progressive urbanization, create an additional demand for housing. As a consequence, activities connected with the satisfaction of new and increasing needs or intended to promote the general betterment of housing conditions are a distinctive feature of the plans of the different countries, their prominence varying according to the stage of economic development reached and the resources which can be applied to house-building.

In the Soviet Union, where the volume of house-building exceeds the current housing needs, a programme has been prepared (cf. 1957 report) under which housing problems are to be disposed of in ten to twelve years. The present five-year plan has been expanded and adjusted to these targets. In Czechoslovakia, the work to be carried out under the five-year plan has been so arranged that a sufficient number of dwellings will be produced for the population employed in the factories and in the other undertakings now being developed. In addition, consideration has been given to the demand generated by the clearance of buildings which are obsolete from the technical and sanitary points of view. The general

objective of the plan is the general improvement of housing conditions. In Poland, the primary purpose of the five-year house-building plan now being implemented is to satisfy the current demand attributable to the increase in population, to the movement towards the towns, and to the clearance of older buildings; the secondary purpose is the gradual improvement of housing conditions. In the work relating to the longer-term plans, great stress is laid in all countries on the improvement of housing conditions. This concern is reflected both in the increased volume of building and in the raising of the standard of dwellings and of their equipment. In addition, allowance is made for the problem of the large-scale abandonment of old and obsolete dwellings.

The detailed definition of the work to be accomplished under the plan depends on the duration of the plan and on region covered; the smaller the area and the shorter the period, the greater the detail.

The objective targets of the national house-building plans are laid down in terms of square metres of living or useful floor space, more rarely in terms of dwelling units and living rooms. Apart from the concept of floor space, there is a certain tendency to introduce the dwelling as a unit for the purpose of defining building targets, and in Czechoslovakia, Yugoslavia and Hungary it has been adopted as a planning unit. The report of the Soviet Union states that the dwelling will be introduced in planning as an additional unit and in Poland, too, although the room remained the standard unit, a beginning was made, in the preparation of the longer-term plan, with the use of the dwelling as a unit.

It should be mentioned that in certain countries the studies on the size and types of the dwellings to be built under State sponsorship, and the guiding rules concerning technical progress, utilization of materials, etc., are an integral part of the plan, whilst in other countries they are used as a basis in the shaping of building policy during the implementation of the plan.

For the purpose of co-ordinating the house-building plans with the other plans, the building plans are, as has been said, integrated in the general national economic planning system and in that of the different regions. In this way, the means necessary for their implementation are guaranteed.

The five-year and annual plans are mandatory, and the specific targets to be reached during a particular year are laid down definitively in the annual plans.

The bodies responsible for investment in housing, which are indicated in the plans, are responsible for the implementation of the plan.

The building sector covered by the plan and, hence the extent to which the plan is mandatory, are not the same in all countries; this remark applies particularly to the building carried out with the personal resources of the population. In all the countries, the plan covers the entire field of publicly sponsored house-building and usually, also building carried out by the co-operatives and construction undertaken by individuals with the aid of State grants, the amount of which is specified. The only exception seems to be Poland, where the volume of house-building under the control of rural bodies is not included in the house-building plans relating strictly to urban sites but is part of the agricultural investment plan.

The questions relating to the remainder of house-building financed out of personal funds are dealt with differently in different countries. In the Soviet Union, the plan not only covers public building but also determines the aggregate volume of the building carried out by the urban population and by the kolkhozes. In Czechoslovakia, too, the volume of private construction is estimated in the planning statistics. In Hungary and Romania, on the other hand, the five-year and annual plans include only the additional private building which is subsidized by the State. In Poland, the plan includes in addition the building of urban type dwellings by private individuals with their own resources, with or without State aid. So far as building undertaken by the rural population is concerned, the plan lays down only the broad lines along which this building effort is to develop and general indications concerning the supply of the building materials which will be used not only for houses but also for agricultural buildings.

The presumed volume of building carried out by means of the population's personal resources is worked out according to economic analysis i.e. in the light of the population's capacity to accumulate savings, the amount of the subsidies and other assistance granted by the State, the use of local building materials, etc. Generally speaking, however, only broad guiding rules are given. Independently of the more or less mandatory nature of this part of the house-building plan, the aggregate volume of house-building is calculated for the purpose of determining the requirements in materials and manpower.

In Yugoslavia, the role of the plan is rather different, particularly so far as private building is concerned. The Yugoslav report stresses that planning in that country is regarded rather as a system of integration in the general economic development, in the first place by means of financial policy, subject to allowance for the effect of market influences. As regards housing, the plan is also regarded as an instrument for directing the main trend of economic development. Under the existing system of housing funds for the financing of house-building, the development of that proportion of the building which is supported by such funds, is financially guaranteed, whereas the remainder financed by undertakings, communes, administrative institutions and private builders cannot be planned with comparable accuracy. Nevertheless, forecasts of this type of building are also prepared and in this way it is possible to bring investments into equilibrium with the development of industry and of the other sectors of the national economy.

In all the countries, the long-term plans indicate trends; they indicate the broad outlines of development and make it possible to formulate the targets of each of the five-year plans more accurately. The USSR's plan for improving housing conditions (*vide supra*) seems rather different, for it covers a ten to twelve-year period and sets a series of specific targets for the early years.

The plans covering shorter periods, though mandatory, are not for that reason inflexible. They may be partially modified according to the circumstances of economic development, the appraisal of the situation, etc. For this purpose, a specified procedure, similar to that observed in the approval of the plans, remains necessary. As an example one might mention the expansion of the scope of the USSR's five-year plan ordered by the decision of the Soviet Government and the Central Committee of the Party in July 1957. Annual plans also may be amended. In the Soviet Union, for instance, when the quarterly programmes of the building plan are regularly implemented or exceeded, the annual plan may be expanded at the builder's request.

Town-planning schemes and regional area plans

In addition to investment plans, the countries under discussion have also house-building programmes as an integral part of urban and regional plans. Information on this subject is incomplete (see Table 2). The reports of Bulgaria, Hungary, Poland, the Soviet Union and Yugoslavia give such data, but there is no doubt that town planning schemes have been drawn up in the other countries. These

plans usually cover a period of twenty to twenty-five years, but in Bulgaria the period is ten to fifteen years. In establishing the trend of development of the town or of the whole region, the plans also include quantitative house-building programmes and specify where the building is to take place and what will be the area involved. In the light of the analysis of the existing housing stock and its technical condition, the plans at the same time devote considerable attention to the problems of the improvement of existing buildings, the elimination of obsolete or sub-standard buildings, etc.

The studies of the programmes and house-building trends in these plans are related to the investment plans and vice versa. These studies, based on the general directives governing economic development in this field, are of assistance in the preparation and, later, in the implementation of the investment plans.

Table 2
Area plans embodying house-building programmes

Country	Type of plan	Duration of plan (in years)
Bulgaria	Town-planning for towns and regions	10 - 15
Czechoslovakia	No information available	-
Hungary	Regional studies for regional plans) Town-planning for large towns)	Long-term
Poland	For towns and regions: - longer-term plans - progressive plans ^(a) - co-ordination plans (mass plans)	22 - 25 5 - 10 early years
Romania	No information available	
Soviet Union	Town-planning Progressive plans ("for assignment of first priority status") (b)	25 5 - 10
Yugoslavia	Local plans for districts and the large towns	Long-term

(a) for urban districts where extensive building is planned in the next few years.

(b) for house-building, existing buildings and other public buildings.

In the Soviet Union and in Poland, in addition to long-term area plans there are being prepared five to ten-year town-planning schemes affecting the siting and building of dwellings, cultural institutions, schools and other public buildings. These indicate the required investment funds and specify the sites which are to be the subject of such investments, with the consequence that the investment plans being implemented concurrently can be co-ordinated with the general needs of the development of the town in question.

Town-planning schemes and regional plans are approved by the local and regional authorities. They are not mandatory so far as they relate to house-building programmes, but are intended rather to offer guidance.

B. Methods of establishing plans

The formulation of plans⁽¹⁾ is a complicated process which depends to a large extent on the organization of house-building in the different countries. The central economic planning bodies which operate at the national level and which are usually represented in the respective regions are responsible for the final preparation of the plans. The organizations in charge of construction, the ministries and State institutions, and also the local authorities, are expected to participate in the preparation of the plans. It should be added that the local authorities are playing an increasingly prominent part in the planning of house-building in all the countries.

The plan is formulated after a comparison of the directives given in the light of the general principles of economic development laid down by the planning bodies for the whole country and its regions with the house-building needs forecast by the future occupiers. These occupiers are, in the main, the representatives of the various sectors of the national economy in proportion to the increase of employment in these sectors and the representatives of the local authorities. In Czechoslovakia, the organization already referred to, the central housing and civilian construction authority, performs a special function in the formulation of the plan. In addition, the scientific research centres and groups of experts participate in the preparation of longer-term plans and study the general problems involved in the long-term plans.

So far as the methods of formulating house-building plans are concerned, questions such as the determination of the proportion of the investment funds to

(1) This section deals with work relating in particular to investment plans.

be allocated to housing, the measures for co-ordinating house-building and other building investments with the productive capacity of the construction undertakings, with the stepped-up production of building materials and with the availability of labour, and other questions have been previously studied in connexion with the problems of the co-ordination of plans. The problem of the methods used in the estimates of housing requirements is the only one which will be treated separately below.

From the ever more searching analysis of housing needs it becomes clear how the methods of planning house-building are developing. This process of development is stimulated by the increase in the volume of building in successive plans and by the enhanced possibility of satisfying the needs; this calls for a more detailed analysis.

In the Soviet Union, the volume of building is determined by reference to the following factors: the raising of the standard of living and, consequently, the improvement of housing conditions; the increase in the urban population; the demand generated by the growth of industrial undertakings and other institutions and by the expansion of new economic centres, mainly in the eastern parts of the country. The targets of the five-year plan are fixed on the basis of the estimated rate of increase of the urban population, a figure which takes account both of the natural increase and of the increase due to the influx of the rural population to the towns. This last calculation is based on the general employment plan, which determines the increase in employment accounted for by the general increase in industrial production. After the establishment of the volume of building required for the improvement of housing conditions, further allowance is made for the requirements due to the abandonment of old or obsolete buildings and of the temporary houses built during the last war. Account is also taken of the demolitions made necessary by the reconstruction of the towns.

In Czechoslovakia, in the work done on the longer-term plan, allowance is made for the following: (a) current needs attributable to the increase in population; (b) the replacement of obsolete houses; (c) the poor technical condition of the buildings; (d) damage caused by mining; (e) the construction of dams; (f) town-planning requirements in town and country; and (g) the requirements due to improved housing standards. Similar factors, although classified differently, are taken

into consideration in estimating housing requirements in other countries, such as Poland and Yugoslavia. Generally speaking, in the formulation of longer-term plans a larger number of factors are taken into account.

As has been stated above, the method employed in the analysis of housing requirements depends largely on its practical application, i.e. on the volume of house-building that can be achieved, a fact to which the Yugoslav report draws particular attention.

In all the countries, the calculation of housing requirements is based on existing census statistics relating to house-building and demographic statistics and on special studies undertaken in that field. In part, the estimate of housing needs is also based on additional material showing housing shortages; this material is collected by the local authorities and by the social organisations from e.g. the registers of applicants for housing (Bulgaria), the registers kept by the local authorities of applicants for housing (Hungary) and from similar sources.

C. Description of existing plans

Table 3 provides additional particulars concerning the organization and planning methods employed in house-building. It shows the house-building targets and their scope, established in existing plans spread over some years as compared with the result of earlier plans. These data have been collected in view of the preparation of the report on the financing of construction.

Table 3
Volume of house-building plans

Country	Units	House-building		
		1951-1955 (Results)	1956-1960 (Plan)	Percentage increase
Bulgaria	1,000 m ² storey surface			
Czechoslovakia	1,000 dwellings			
Eastern Germany	1,000 dwellings			
Hungary	1,000 dwellings			
Poland	1,000 rooms	(a)	(a)	
Romania	1,000 m ² living floor space	(b)	(b)	
Soviet Union	1,000,000 m ² useful floor space	(c)	(c)	
Yugoslavia	1,000 dwellings	(d)	(e)	
(a) Urban building only.				
(b) Building by the State, co-operatives and State-aided private individuals.				
(c) Building financed by the State and urban building financed out of private savings.				
(d) 1952-1956				
(e) 1957-1961				

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 6 of the provisional agenda
for the sixteenth session)

FORMULATION OF HOUSE-BUILDING PROGRAMMES

Note by the Secretariat

Corrigenda

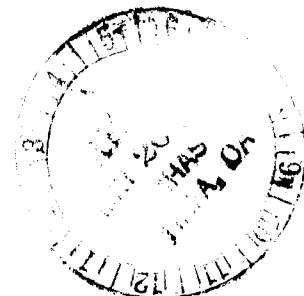
The following changes should be made to the English version of
HOU/Working Paper No.80:

- page 4:

First line of last paragraph: suppress the word "annual";

- page 8:

First line: change "1963" to "1962".



ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

SIXTEENTH SESSION

Position Paper

The Formulation of Housing Building Programs (HOU/Working Paper No. 80)

Agenda Item 6

PROBLEM

In May 1957 the Housing Committee undertook to ascertain how governments formulate housing building programs. Preliminary papers are available for this meeting; one by a Swedish Rapporteur, Mr. Bjork, and another by a Polish Rapporteur, Mr. Andrzejewski (HOU/Working Paper No. 80). What position shall the USDEL take concerning this work program and the accompanying papers?

POSITION

1. The USDEL may join in noting the papers that have been submitted and in approving the completion of the study for final presentation to the Committee at its November meeting.

2. If the USDEL desires to participate in the discussion it may be guided by observation made in the following discussion:

DISCUSSION

The USA/HHFA has submitted documents to the Secretariat from time to time concerning the housing program of the United States. It is presumed that no additional material will be required inasmuch as the study seems to be limited to the European scene.

Europeans may consider that the free enterprise system of the United States operates without any positive programming by the Federal Government. It is true that the United States Government seeks to encourage freedom of consumers choice with respect to housing and free enterprise with respect

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to its production. This does not mean, however, an absence of government activity but rather a positive position of government in favor of private activity.

The Housing Act of 1949 set forth the policy of this Government that there be ". . . the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family . . ." The Congress also clearly stated that "private enterprise shall be encouraged to serve as large a part of the total need as it can."

In keeping with this mandate the Home Loan Bank System, the Housing and Home Finance Agency and its constituents, the Veterans Administration and the credit agencies of the Department of Agriculture so govern their operations as to encourage private enterprise insofar as possible. The tremendous output of new construction and the vast improvement in existing structures that have occurred during the postwar years amply demonstrate the wisdom of this policy. Although the United States still has not entirely solved the problem of housing for families of low income, it is proceeding very vigorously in the clearance of slums and the protection of residential neighborhoods against future deterioration.

The Federal Housing Administration is closely guided by its market studies in each locality. It is thus possible to be more or less restrictive in the insurance or mortgages depending on market conditions.

The Urban Renewal Administration, Community Facilities Administration, Public Housing Administration, and Federal National Mortgage Association (all constituents of the Housing and Home Finance Agency) operate within limits set by the Congress and Presidential direction. The use of certain of the FHA insurance programs for the support of Urban Renewal programs require a

declaration by the Administrator concerning the number of dwelling units that are authorized to be insured in a given case. Thus there is a specific "programming" for each city concerned with Urban Renewal activities.

The Administrator of HHFA must also reach definite program findings in connection with FHA insurance for housing for personnel near or on military posts of any other areas affected by Defense activity. Only in wartime has control of materials, labor, and prices been applied.

The whole pattern of programming by the U. S. Government is one of aid and encouragement to private industry. The bulk of housing is built without advance quotas being made by the Federal Government. On the other hand, the volume of output is so sensitive to Federal credit guidance and stimulation that the Federal government does take a major responsibility. One recognition of this undertaking was the policy set forth in the Employment Act of 1946 in which the Federal Government declared a continuing responsibility "to promote maximum employment, production, and purchasing power." The emphasis is on economic growth.

The housing construction industry and the building material industry which supplies raw materials are important segments of the economy concerning which the Federal Government makes a continuing analysis. It is thus possible for the term "program" to be applicable to a system of free enterprise without conveying the same regulatory features that would characterize the use of this phrase in countries where the economy operates with more central direction. Direct intervention by Government to construct housing is limited to a small supplement to private enterprise.

Samuel

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 6 of the provisional agenda
for the sixteenth session)

FORMULATION OF HOUSE-BUILDING PROGRAMMES

Note by the Secretariat

The subject of the formulation of house-building programmes was treated in the 1954 and 1956 Housing Reviews⁽¹⁾ and the next stage of the work on this question was agreed by the Committee at its fourteenth session in May 1957 (E/ECE/HOU/67, paragraph 5 (c)). The rapporteurs, Mr. Andrzejewski (Poland) and Mr. Björk (Sweden) undertook to prepare their provisional report in two parts, covering eastern Europe and western Europe, respectively. Part II is circulated herewith and Part I will follow shortly, in the form of an addendum. It is intended to combine the two papers in the definitive version, which will be prepared after the Committee session and included in the published report on European Housing Trends and Policies in 1957.

(1) European Housing Developments and Policies in 1954, ECE, Geneva, August 1955 (E/ECE/209) Part II, Section 3; European Housing Trends and Policies in 1956, July 1957 (E/ECE/292) Part II.

PART II

FORMULATION OF HOUSE-BUILDING PROGRAMMES IN CERTAIN COUNTRIES OF WESTERN EUROPE

Provisional report prepared by Mr. L. Björk (Sweden), Rapporteur

This preliminary report takes into account information supplied by the Governments of the following countries: Austria, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Netherlands, Norway, Sweden and the United Kingdom. It is divided into two main parts, the first discussing in general terms the scope and character of house-building programmes in the various reporting countries and the second part describing the methods used in some of these countries when estimating housing needs.

1. The scope and character of house-building programmes

Annual programmes for house construction forming part of a national budget, in other words a national building programme, are formulated in Denmark, Norway, the Netherlands and Sweden. Although these programmes control directly only that part of house construction that is financed with State assistance they may be said to cover total house construction. In the countries concerned only a minor part of house construction is entirely privately financed, and is included in the programme as a forecast.

The main object of the annual programmes in these countries is to regulate the priority of housing within the framework of a general economic policy, aiming at keeping investment and consumption within the limits of available physical resources. They thus regulate the amounts of State loans and subsidies that are put at the disposal of builders, but do not directly guide the initiatives in house construction, which are taken by municipalities, housing associations, co-operative societies and private enterprise.

Although in the countries concerned certain conditions as to size and type of dwellings to be financed with State assistance are laid down, the annual housing programmes by and large do not direct the distribution of house construction in dwellings of various sizes. In Sweden, however, as far as State financed housing is concerned, separate estimates are made respectively for one and two dwelling houses and multi-dwelling flats.

Long-term considerations influence the content of the annual programmes of all the countries mentioned here, but the countries have treated in different ways the problem of formulating housing programmes for more than one year.

Thus in Denmark the amount of funds which may be used annually for the granting of Government loans has been fixed in the Government Aid to Housing Act, which will be in force for a period of four years. In Norway the economic development programme covering the period 1958 to 1961 includes a recommendation that at least 100,000 new dwelling-units should be built within that period. It was also recommended that while house construction should continue to be concentrated mainly on medium-sized family dwellings, special account should be taken of the housing needs of the aged and of single persons. In the Netherlands there is no official long-term national housing programme and in Sweden it might be said that an official directive exists only in the sense that the Government stated in 1957 that the level of house construction already reached should if possible be further increased during the coming years and that the municipalities could base their programming on that assumption.

As already indicated the national housing programmes mentioned regulate the priority of housing within the national economy. They can also be regarded as programmes for the financial support of housing, but they do not in any other sense refer to the administrative, organizational and other preparatory measures necessary to implement the programme. Nor do these programmes aim at any firmly specified target as to the improvement of housing conditions. In all these countries a more active programming of housing in the latter respects is entirely a concern of the municipalities or of private enterprise.

In the United Kingdom the situation as to national long-term planning of house construction is similar to that in the Netherlands and the Scandinavian countries since no very definite long-term programmes have been officially adopted. There has nevertheless been a housing target at various levels operating since the end of the war in 1945. Until 1955 this target was given in terms of a certain number of dwelling-units to be built annually. From 1955 onwards the Government's overall policy has been a revised target of a different kind - the removal of 200,000 people annually from demolished unfit dwellings. As the implementation of housing programmes is the responsibility of the local authorities the sole function of these targets has been to guide the central governmental agencies in the controlling of the volume of housing by means of monetary controls, granting of loan sanctions to local authorities, and (previously) the licensing of private building.

In Ireland it is also a statutory duty of local authorities to ensure decent housing conditions within their respective districts. The national long-term programme, which was initiated in April 1947, thus seems to serve mainly as a guide for the Department of Local Government when exercising its general supervision of the programmes of the local authorities and granting subsidies to working-class housing. The national programme refers to the social aims of housing policy which are stated in the following terms:

Within ten years of 1947 if possible, or otherwise within the briefest period practicable

- (a) the rehousing of all families living in unfit or overcrowded dwellings should be secured;
- (b) the unfit dwellings vacated should be closed or demolished and the recurrence of overcrowded conditions in other dwellings should be avoided. Unfitness and overcrowding are in this connexion determined by certain norms;
- (c) the increment of new housing needs that is expected to arise through demographic factors and obsolescence of old houses, should be satisfied; and
- (d) the existing national stock of satisfactory dwellings should be preserved and the reconditioning and necessary improvement secured of existing houses which, though unfit in some respects are capable at reasonable cost of being made fit for habitation. The programme indicated the total number of dwellings estimated to be required over the country as a whole at that time, and also the total number of working-class dwellings needed in each local authority area.

In contrast with the programmes previously mentioned, Ireland's long-term programme seems to emphasize the social aims of housing policy rather than give minimum figures for the volume of house construction for which financial and other resources should be made available.

In France, with its centralized administration, the national ~~annual~~ long-term housing programmes have quite another character. The housing programme for the period 1958 to 1963, like that for the preceding period, 1954 to 1957, is part of a general programme for the development and modernization of economic and social activities. It is designed to co-ordinate the building activity of the state-sponsored HLM organization and private builders. This programme, which is being elaborated in accordance with the "loi cadre" of August 1957, stipulates not only the financial support, but also the amount of labour and materials required. The Act also authorizes the Ministry of Housing and Reconstruction to establish the administrative regulations necessary for the implementation of the programme.

The general aim of this plan is to abolish overcrowding as far as possible, to demolish unsanitary dwellings and to construct dwellings at a pace corresponding to the needs created by demographic development.

The Act, which provides for the building of an annual average of 300,000 dwelling-units, stipulates the minimum amount of state loans to be granted to the HLM organization, as well as the part of the grants to be used for the construction of rented apartments. A certain fixed amount should be granted for the construction of dwellings in the Paris region. The minimum amount of loans to be granted to private builders is also stated.

In the Federal Republic of Germany a four year programme covering all house construction was adopted in December 1953. According to this programme 2.2 million dwellings (social dwellings, dwellings built with the aid of tax-concessions and privately financed dwellings) should be built. The Federal Minister of Housing in co-operation with the Länder is authorized to take the necessary measures to overcome any difficulties in the financing of the general housing programme, in particular to secure the necessary funds from the capital market.

Parallel to this general programme, long-term programmes for specific groups of the population have been in operation.

The first Housing Act as amended in August 1953 provided that a total of 2 million dwellings should be built for the lower-income groups of the population under a six-year programme covering the period 1951 to 1956. For this purpose public funds were set aside every year. Within the framework of this programme the Länder of the Bund had to elaborate annual house-building programmes, which were co-ordinated by the Federal Minister for Housing.

The regulations of the First Housing Act with respect to the preparation of state-assisted social housing programmes were applicable also under the Second Housing Act of June 1956. Consequently another total of 1.8 million social dwellings are to be erected during the period 1957 to 1962. In the annual social house-building programmes of the Länder, the following details are to be provided: the number of dwelling-units subdivided into new constructions, reconstructions, etc.; the number of dwellings to be built for special groups, e.g. miners, refugees and agricultural workers; the proposed number of owner-occupied and rented dwellings, and a description of the financing methods.

In some of the reporting countries, national house construction programmes have been elaborated only for special groups of the population or for special categories of dwellings.

In Austria there is a national house-construction programme only in the sense that certain amounts of state grants for special categories of houses are put aside every year. In Finland extensive house-building programmes have been elaborated only for meeting exceptional conditions, for instance the rebuilding programme for the war-destroyed areas in northern Finland and Lapland. The State Housing Board (ARAVA), which since 1949 has been responsible for granting state secondary loans to housing, has been guided by reports and surveys on housing needs in different parts of the country, made by various state committees and private national organizations. However, a committee recently appointed by ARAVA will in the near future tackle the question of how a national house-building programme should be prepared.

In Italy national housing programmes are elaborated only with reference to "people's housing", that is, dwellings for the poorer section of the population, erected with the aid of state grants.

For every financial year the Ministry of Public Works has to make a programme for the allocation of state grants put at the disposal of the various agencies building people's dwellings or carrying out slum-clearance projects. The state grants are divided between the provincial boards responsible for the construction of people's dwellings, the INCIS (the State board for the construction of dwellings for state employees), and co-operative building societies. The provincial boards and the INCIS elaborate annual building programmes, but no special national plan is worked out for the co-operative enterprises. The activities of the INA-Casa, an organization which is independent of the Ministry, are regulated by a seven-year programme.

The CEP, a committee under the chairmanship of the Minister of Public Works, was formed at the beginning of 1956 in order to co-ordinate the activities of the various organizations in the field of house construction. One of its first tasks was the elaboration of a three-year programme for the co-ordination of town planning, site development and other preparatory measures. Representatives of the municipal authorities concerned participate in the meetings of the committee.

The allocation of house-construction to regions and local areas; municipal and regional house-building programmes

When allocating total house construction by regions and local areas, the central authorities, in countries where house-construction is more or less centrally regulated, rely on regional and local house-building programmes. In some of the countries annual or long-term local programmes are elaborated in close co-operation between

central and local authorities, while in others the central authorities responsible for the division of the national house-construction programme between different regions and local areas are guided mainly by centrally or regionally prepared estimates of current local housing requirements and of building capacity in the various local areas. The administrative methods will not be described here in any detail - it is sufficient to state that in the countries mentioned annual quotas for regions and municipalities have been in use for the purpose of making possible a certain programming on the local level. The quotas have been stated in terms either of dwelling-units or of money. In calculating the quotas the authorities have to a varying degree taken account of the housing requirements in the respective local areas, the availability of building labour, the provision of developed sites, and the completed town plans etc. The quotas have usually been flexible in the sense that an improvement in the country's general economic situation or in the supply of building labour in a given area has resulted in an increase in the volume of house-construction originally allocated.

In some cases quotas have been granted for more than one year. Thus in the Netherlands regional and municipal quotas were granted for the three-year period 1952 to 1956. In Sweden at present the bigger municipalities have been asked to supply details for the elaboration of a three-year minimum programme outlining local housing needs in relation to the financial and material resources available.

In the United Kingdom and Ireland local-authority house-construction is closely supervised by the central and regional authorities. Local annual targets have occasionally been set for local authority programmes.

In most of the reporting countries local house-building programmes covering more than one year have been elaborated at least in some cases. In France the national five-year programme is based on a co-ordination of local proposals; the same would seem to apply in the case of Italy's long-term programme. In the United Kingdom in 1954 the local housing authorities were asked to formulate five-year programmes for the clearance and replacement of unfit dwellings; these programmes were then approved with or without amendment by the Minister. In Denmark building programmes for the period 1955 to 1959 have been laid down for a few districts through the collaboration of the municipalities concerned. A few towns in Sweden have adopted ten-year programmes which specify the volume of house-construction aimed at, as well as general directives on the distribution of house-construction by various types of dwellings and in different parts of the cities. A programme for the co-ordination of house-construction within the communes of Greater Stockholm has been adopted by the

municipalities concerned and will last until ¹⁹⁶²~~1963~~. The municipal authorities of the Netherlands sometimes adopt programmes which cover more than one year and which usually distinguish between housing for the lower-income groups, commissioned by the municipal authorities or house-building associations, and housebuilding by private individuals.

In some of the countries mentioned town-planning schemes for local areas and regions include recommendations on the volume of house-construction to be aimed at over the following ten to twenty years, but these recommendations are usually not to be regarded as constituting a programme of action in the proper sense of the word.

The long-term house-construction programmes of the municipalities are generally flexible. They serve as a guide in the planning and developing of sites and in the co-ordination of municipal and private initiative, and contain elements of obligation only insofar as they imply the execution of corrective town-planning legislation, and exert administrative restrictions on construction.

2. Methods of estimating housing needs

While considerations of housing needs evidently play a part in all housing programmes, the annual targets or the programmes in this field which form part of relatively short-term national investment programmes are usually not based on very precise estimates. This is quite normal in countries with a large housing shortage or whose high demand for new dwellings cannot possibly be satisfied within a few years. For short-term programming the most crucial question is how large a part of the country's physical and financial resources can reasonably be put at the disposal of housing construction.

The question raised when establishing the target is on the one hand what relative weight should be attributed to housing needs as compared to other investment needs and, on the other hand, what are the practical possibilities within a limited time of transferring to housing the resources of other fields of economic activity. Questions of this kind are seldom decided on the basis of scientific criteria.

As already mentioned, schematic calculations of local housing requirements are in some countries used when an annual housing programme is allocated to various local areas and regions. The main concern in this report will be, however, the more elaborate estimates of housing needs that are taken into account when programmes extending over, say, five to twenty years are formulated. Such estimates are not only made in countries with an officially adopted long-term housing programme; in other countries, too, they often serve as an unofficial basis for the discussion of long-term trends in housing policy.

Estimates of housing needs based on population prognoses combined with data from housing censuses have been carried out in a number of countries. The methods used in Sweden have been described in HOU/Working Paper No. 49. Similar estimates have been made in Denmark and Norway. The Danish estimates are briefly described below.

The Danish National Institute of Building Research has made a prognosis of the population trend from 1950 till 1978 for the whole country, according to age and family status by five-year intervals. On the basis of this, the Ministry of Housing has estimated the housing demand likely to arise from demographic development. Each age group, and within the age group each civil status, has been considered separately. The assumptions of future housing demand are based on recent trends in housing habits, in real income and in housing prices. The need for a reserve of vacant dwellings has also been considered as well as the need to replace dwellings in slum quarters, dwellings converted to business premises, and dwellings left vacant as a result of internal migration but, so far, no estimate of these particular housing needs has been attempted; nor has a breakdown of housing demand into different sizes and types of dwelling-unit been estimated.

The Ministry of Housing is dividing the forecast geographically, in order to obtain a local figure for each borough with suburbs and for each urban district with more than 1,000 inhabitants. The method used is purely arithmetical, the sum of the population figures obtained from the local forecasts being no greater than that of the national prognosis. It is hoped thereby to assist the municipalities in estimating inter alia the development of local housing needs, having regard to special local conditions. The various revised estimates will then be co-ordinated so as to agree with the national prognosis.

In the Netherlands, France and Italy for example population censuses have been used in a similar way as a basis for national or regional population forecasts and forecasts of housing requirements arising from changes in the size and structure of the population. More emphasis, however, seems to be put on other methods for the determination of housing requirements. Thus in the Netherlands the problem of keeping estimates of current housing requirements up to date is of much concern to the Central Bureau of Statistics. The connexion between housing requirements and the population structure can be made clear by combining data from housing and family censuses (1947 and 1956) on the one hand and population censuses on the other; and by studying current population statistics in regard to changes in age and civil status it is

possible to follow the yearly development in housing requirements insofar as these are determined by such changes. In determining regional changes in housing needs, marriage and migration statistics are also utilized. The most important changes in certain qualitative characteristics of the housing stock, such as type, age, rent and size of the houses are also regularly kept up to date by means of current statistics.

For the purpose of making the more detailed municipal housing programmes that take into account the various types and sizes of dwelling, the Central Bureau of Statistics can also supply basic statistics on present and anticipated family formation. Sociological investigations on the basis of interviews have also been carried out, giving a large number of regionally differentiated details regarding the residential desiderata and spatial requirements of families, distributed inter alia according to social status, size and age.

In France the various factors determining housing requirements (defined in an essentially normative way) seem to have been considered more systematically than in any other country discussed. Calculations of national and local housing needs are very closely co-ordinated in establishing the housing programme.

The central planning authority bases its estimates on a study made by the Ministry of Housing and Reconstruction in 1953, in which housing needs were subdivided into four categories, namely, those arising out of: overcrowding, renewal of residential buildings, demographic increase, and internal migration.

In this connexion a normal dwelling is defined as containing one livingroom, one bedroom for the parents and one for two children of the same sex, or for one child if there are no more children of the same sex in the family.

The number of dwelling-units to be built in the urban areas until the end of the five-year plan (middle of 1963) in order to cover the needs defined above have been calculated as follows:

1. The number of dwellings theoretically necessary as at 10 May 1954 (date of the census) to supply the inhabitants of overcrowded dwellings with adequate dwelling-units

This has been achieved by means of a very detailed sampling survey, covering one-twentieth of the housing stock, of the number of more or less overcrowded dwelling-units.

2. The number of unsanitary slum dwellings that should be cleared

A calculation has been made for each commune by the "Secretariat d'Etat à la Reconstruction et au Logement". The distribution according to type of household of the slum dwellers was calculated by means of statistical data on 7,000 slum dwellings.

3. The increase of the number of households from May 1954 until the middle of 1963

This has been estimated by the Central Bureau of Statistics, on the assumption that this increase should correspond to that in the number of families.

4. Internal migration

Future internal migration has been calculated on the basis of observed trends. Attention has also been paid to the directives of the third general plan for the development and modernization of economic and social activities in France. These directives foresee that the population working in agriculture will decrease owing to its increasing average age and to the increase in its yield per capita.

5. The number of dwelling-units built or started during the period May 1954 to December 1956

This has been estimated by means of existing statistical data.

6. The number of formerly overcrowded dwellings made available by evacuation

This has been calculated by the aid of the statistics referred to under point 1, above.

The housing needs of the agricultural population have been evaluated by essentially the same methods, attention being paid to certain special characteristics.

In Ireland housing requirements are calculated by reference to existing conditions rather than on the basis of demographic forecasts, although trends in population revealed by the decennial censuses are borne in mind. The local authorities are obliged to make a regular inspection of their districts in order to ascertain what houses are unfit for habitation. Particulars of families living in overcrowded conditions are at the same time compiled and the structural condition of premises examined. On the basis of this information the local authorities are able to formulate their housing programmes, determining not only the number of houses to be built but also of what type and size. The national housing programme would appear to be based on a summation of such local programmes.

In the United Kingdom the problems of measuring housing needs are similarly approached at the local level. Counties and county boroughs, in their capacity as local planning authorities, undertake more elaborate five-year and twenty-year forecasts of all relevant local conditions. When housing needs are discussed on the national scale, the general assumption is that it would be desirable to work towards the position where each household may occupy a separate dwelling.

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 6 of the provisional agenda
for the sixteenth session)

FORMULATION OF HOUSE-BUILDING PROGRAMMES

Note by the Secretariat

Corrigenda

The following changes should be made to the English version of
HOU/Working Paper No.80:

- page 4:

First line of last paragraph: suppress the word "annual";

- page 8:

First line: change "1963" to "1962".

Handwritten: OK. mg.

Harvey
cc: Brophy

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 6 of the provisional agenda of the sixteenth session)

PART I

THE FORMULATION OF HOUSE-BUILDING PROGRAMMES

IN THE COUNTRIES OF EASTERN EUROPE

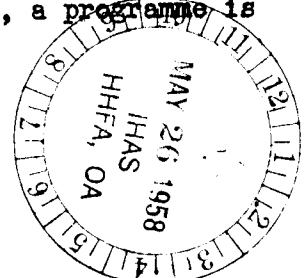
Provisional report prepared by

Mr. A. Andrzejewski (Poland) (Rapporteur)

This report should begin with a reference to the main factors which, in the countries of Eastern Europe, influence the structure and preparation of housing programmes and have a bearing on the definition of the objects that are to receive tangible expression in the house-building plans.

1. The development of the national economy in the countries mentioned is controlled by planning, and plans for house building are co-ordinated with the general planning system. ^{1/}
2. In all these countries, the State and other public institutions play an outstanding part in house building. To a great extent, it is the State itself which is directly responsible for the construction of dwellings, and it has a decisive influence on the development of the remainder of housing construction. This circumstance has a bearing on the degree of reality of the plans.
3. Because the housing policy is part of the social policy - a feature reflected in e.g. the low-rent policy and the system of allocating dwelling space - it is possible to rely on objective criteria for the purpose of estimating the needs by reference to which the house-building programmes are prepared. In this way, the need to balance building costs and individual financial resources is largely eliminated.

^{1/} A distinction is drawn in the economic terminology of the socialist countries between a "plan" and a "programme". In its most generally accepted meaning, a plan not only indicates the targets to be achieved but also guarantees the means required for their achievement. The purpose of a programme, on the other hand, is mainly to set out the work to be done; hence, a programme is less mandatory.



A. General character of house-building plans

The house-building plans in the countries which have replied ^{1/} to the questionnaire relating to this part of Europe are of two kinds: those which may be described as investment plans, and those which are in the nature of housing and town and country planning concerned with an urban or regional area ("town or regional planning").

Investment plans

House building plans of this kind form an integral part of the general economic and investment plan. They specify the tasks to be accomplished in the matter of investment in housing, the volume of housing construction, the funds required and other particulars (building materials, labour, the development of building enterprises and their mechanical equipment) which are indispensable if the volume of building envisaged is to be achieved. In several countries there are, in addition to plans for housing construction, plans dealing with major repairs to existing building property. All these tasks are defined in the light of the general plans relating to the development of the national economy, to the increase in the national income, to the level of investment, and to the relative importance given in these plans to the different sectors of the national economy. If the supply of the physical means mentioned above (which are essential to the execution of house-building plans) is to be guaranteed, the investment in construction as a whole must be in equilibrium: the manpower has to be calculated against the background of the general employment plans, of the demand for building materials and of the output of such materials.

House-building plans may be classified according to the length of the period over which they are spread (see table 1): (a) plans covering a few years only; (b) annual plans; and (c) longer-term plans.

^{1/} Bulgaria, Czechoslovakia, Hungary, Poland, Romania, the USSR and Yugoslavia.

Table 1
Investment plans relating to housing construction
in the countries of Eastern Europe

Country	Short-term plans	Longer-term plans (in preparation)
Bulgaria	Five-year plan (1956-1960) Annual plans	
Czechoslovakia	Five-year plan (1956-60) Annual plans	Plan for period up to 1975
Hungary	Three-year plan (1958-1960)	Plan covering ten to fifteen years
Poland	Five-year plan (1956-60) Three-year plans and annual plans	Plan for period 1960-1975
Romania	Five-year plan (1956-60) Annual plans	Plan covering fifteen to twenty years
USSR	Five-year plan (1956-60) Annual plans	Plan for improving housing conditions approved in 1957 and covering ten to twelve years
Yugoslavia	Five-year plan (1957-61) Annual plans	Plan for period up to 1980

The plans relating to shorter periods normally cover five years. Only in Hungary is a three-year plan, for the years 1958-1960, now being prepared. This, however, is merely a consequence of the events of 1956 and of certain changes introduced into economic policy as a result of which the objects of the earlier plan (covering the years 1955-1960) had to be reformulated. The five-year plans form the basis of the annual plans covering investment in house building; these relate to the execution stage and are much more specific. In Poland, apart from the five-year plan (which only gives a very general indication of the building to be carried out) and from the detailed annual plans, three-year housing construction plans are prepared. These specify the exact places where the building is to be

undertaken and are intended to ensure the necessary continuity of the preparatory work in the various places and regions.

The longer-term plans are now being prepared. These, too, are integrated with the general longer-term plan for the national economy and lay down the general trend of house-building policy for periods of ten, fifteen and twenty years. From the reports one gathers that these plans are at different stages of preparation, some being more advanced than others. Yugoslavia was first in the field with longer-term plans, in 1955. A plan of this kind should specify the relationship between developments in housing construction and the expansion of other sectors of the economy and of the national economy as a whole. The programme for the improvement of housing in the USSR, which covers ten to twelve years and is embodied in the decision of July 1957, is of a slightly different nature and will be discussed later. It is a plan to be implemented over a long term which specifies the various steps to be taken to eliminate the housing shortage within that period.

In addition to the general house-building plan at the national level, there are more particular plans relating to specific territories. The regional spread of the plans depends on the size of the countries and on their political structure. In the USSR, for example, there are plans relating to the various republics, to the autonomous territories, to the economic regions and to all the larger towns. In Yugoslavia the plan relating to the entire Federation is subdivided into plans relating to the different republics, to the administrative districts, and to certain towns. Similarly, in the other countries, detailed plans are drawn up for the various administrative districts or for certain economic regions.

As a parallel to the regional planning, there are in most of the countries more detailed plans co-ordinating in the various sectors of the national economy the building activities organized by the various ministries, and separate building plans of local authorities or special State institutions responsible for organizing and administering house-building projects (e.g. the industrial housing authorities in Poland and the central housing and civilian construction authority in Czechoslovakia). The division of the plan so far as it relates to housing depends on the system of organization of house-building undertaken with public funds and on the role of the different State undertakings and institutions, the local authorities and the special bodies concerned with house-building mentioned above.

For the most part, house-building plans receive governmental approval. In the Soviet Union, for instance, the five-year and annual house building plans and the general economic development plan, of which they are a part, are approved at the same time. The Governments of the Soviet Republics then give their approval in like manner to the plans at the lower level. In Poland the general outlines of the house-building plan embodied in the economic plan are approved by the Sejm, whereas the more detailed plan subsequently drawn up is approved by the Council of Ministers. In Yugoslavia, the plan requires the approval of the Federal Assembly.

The targets of the house-building plans are fixed by reference to the general economic situation and to the housing situation and in relation to the general raising of the population's level of living, these three factors being related to the nature of the development of the socialist economy. In most of these countries, the housing situation is still suffering from the effects of the difficult housing conditions of the prewar period and also from the heavy destruction which occurred during the war. Furthermore, in consequence of the very high rate of population growth (higher than the European average) these countries are now experiencing a large increase in fresh demands for housing. And, lastly, the policy of expanding production and the transformation of the social and economic structure, which involve progressive urbanization, create an additional demand for housing. As a consequence, activities connected with the satisfaction of new and increasing needs or intended to promote the general betterment of housing conditions are a distinctive feature of the plans of the different countries, their prominence varying according to the stage of economic development reached and the resources which can be applied to house-building.

In the Soviet Union, where the volume of house-building exceeds the current housing needs, a programme has been prepared (cf. 1957 report) under which housing problems are to be disposed of in ten to twelve years. The present five-year plan has been expanded and adjusted to these targets. In Czechoslovakia, the work to be carried out under the five-year plan has been so arranged that a sufficient number of dwellings will be produced for the population employed in the factories and in the other undertakings now being developed. In addition, consideration has been given to the demand generated by the clearance of buildings which are obsolete from the technical and sanitary points of view. The general

objective of the plan is the general improvement of housing conditions. In Poland, the primary purpose of the five-year house-building plan now being implemented is to satisfy the current demand attributable to the increase in population, to the movement towards the towns, and to the clearance of older buildings; the secondary purpose is the gradual improvement of housing conditions. In the work relating to the longer-term plans, great stress is laid in all countries on the improvement of housing conditions. This concern is reflected both in the increased volume of building and in the raising of the standard of dwellings and of their equipment. In addition, allowance is made for the problem of the large-scale abandonment of old and obsolete dwellings.

The detailed definition of the work to be accomplished under the plan depends on the duration of the plan and on region covered; the smaller the area and the shorter the period, the greater the detail.

The objective targets of the national house-building plans are laid down in terms of square metres of living or useful floor space, more rarely in terms of dwelling units and living rooms. Apart from the concept of floor space, there is a certain tendency to introduce the dwelling as a unit for the purpose of defining building targets, and in Czechoslovakia, Yugoslavia and Hungary it has been adopted as a planning unit. The report of the Soviet Union states that the dwelling will be introduced in planning as an additional unit and in Poland, too, although the room remained the standard unit, a beginning was made, in the preparation of the longer-term plan, with the use of the dwelling as a unit.

It should be mentioned that in certain countries the studies on the size and types of the dwellings to be built under State sponsorship, and the guiding rules concerning technical progress, utilization of materials, etc., are an integral part of the plan, whilst in other countries they are used as a basis in the shaping of building policy during the implementation of the plan.

For the purpose of co-ordinating the house-building plans with the other plans, the building plans are, as has been said, integrated in the general national economic planning system and in that of the different regions. In this way, the means necessary for their implementation are guaranteed.

The five-year and annual plans are mandatory, and the specific targets to be reached during a particular year are laid down definitively in the annual plans.

The bodies responsible for investment in housing, which are indicated in the plans, are responsible for the implementation of the plan.

The building sector covered by the plan and, hence the extent to which the plan is mandatory, are not the same in all countries; this remark applies particularly to the building carried out with the personal resources of the population. In all the countries, the plan covers the entire field of publicly sponsored house-building and usually, also building carried out by the co-operatives and construction undertaken by individuals with the aid of State grants, the amount of which is specified. The only exception seems to be Poland, where the volume of house-building under the control of rural bodies is not included in the house-building plans relating strictly to urban sites but is part of the agricultural investment plan.

The questions relating to the remainder of house-building financed out of personal funds are dealt with differently in different countries. In the Soviet Union, the plan not only covers public building but also determines the aggregate volume of the building carried out by the urban population and by the kolkhozes. In Czechoslovakia, too, the volume of private construction is estimated in the planning statistics. In Hungary and Romania, on the other hand, the five-year and annual plans include only the additional private building which is subsidized by the State. In Poland, the plan includes in addition the building of urban type dwellings by private individuals with their own resources, with or without State aid. So far as building undertaken by the rural population is concerned, the plan lays down only the broad lines along which this building effort is to develop and general indications concerning the supply of the building materials which will be used not only for houses but also for agricultural buildings.

The presumed volume of building carried out by means of the population's personal resources is worked out according to economic analysis i.e. in the light of the population's capacity to accumulate savings, the amount of the subsidies and other assistance granted by the State, the use of local building materials, etc. Generally speaking, however, only broad guiding rules are given. Independently of the more or less mandatory nature of this part of the house-building plan, the aggregate volume of house-building is calculated for the purpose of determining the requirements in materials and manpower.

In Yugoslavia, the role of the plan is rather different, particularly so far as private building is concerned. The Yugoslav report stresses that planning in that country is regarded rather as a system of integration in the general economic development, in the first place by means of financial policy, subject to allowance for the effect of market influences. As regards housing, the plan is also regarded as an instrument for directing the main trend of economic development. Under the existing system of housing funds for the financing of house-building, the development of that proportion of the building which is supported by such funds, is financially guaranteed, whereas the remainder financed by undertakings, communes, administrative institutions and private builders cannot be planned with comparable accuracy. Nevertheless, forecasts of this type of building are also prepared and in this way it is possible to bring investments into equilibrium with the development of industry and of the other sectors of the national economy.

In all the countries, the long-term plans indicate trends; they indicate the broad outlines of development and make it possible to formulate the targets of each of the five-year plans more accurately. The USSR's plan for improving housing conditions (vide supra) seems rather different, for it covers a ten to twelve-year period and sets a series of specific targets for the early years.

The plans covering shorter periods, though mandatory, are not for that reason inflexible. They may be partially modified according to the circumstances of economic development, the appraisal of the situation, etc. For this purpose, a specified procedure, similar to that observed in the approval of the plans, remains necessary. As an example one might mention the expansion of the scope of the USSR's five-year plan ordered by the decision of the Soviet Government and the Central Committee of the Party in July 1957. Annual plans also may be amended. In the Soviet Union, for instance, when the quarterly programmes of the building plan are regularly implemented or exceeded, the annual plan may be expanded at the builder's request.

Town-planning schemes and regional area plans

In addition to investment plans, the countries under discussion have also house-building programmes as an integral part of urban and regional plans. Information on this subject is incomplete (see Table 2). The reports of Bulgaria, Hungary, Poland, the Soviet Union and Yugoslavia give such data, but there is no doubt that town planning schemes have been drawn up in the other countries. These

plans usually cover a period of twenty to twenty-five years, but in Bulgaria the period is ten to fifteen years. In establishing the trend of development of the town or of the whole region, the plans also include quantitative house-building programmes and specify where the building is to take place and what will be the area involved. In the light of the analysis of the existing housing stock and its technical condition, the plans at the same time devote considerable attention to the problems of the improvement of existing buildings, the elimination of obsolete or sub-standard buildings, etc.

The studies of the programmes and house-building trends in these plans are related to the investment plans and vice versa. These studies, based on the general directives governing economic development in this field, are of assistance in the preparation and, later, in the implementation of the investment plans.

Table 2
Area plans embodying house-building programmes

Country	Type of plan	Duration of plan (in years)
Bulgaria	Town-planning for towns and regions	10 - 15
Czechoslovakia	No information available	-
Hungary	Regional studies for regional plans) Town-planning for large towns)	Long-term
Poland	For towns and regions: - longer-term plans - progressive plans ^(a) - co-ordination plans (mass plans)	22 - 25 5 - 10 early years
Romania	No information available	
Soviet Union	Town-planning Progressive plans ("for assignment of first priority status") (b)	25 5 - 10
Yugoslavia	Local plans for districts and the large towns	Long-term
(a) for urban districts where extensive building is planned in the next few years.		
(b) for house-building, existing buildings and other public buildings.		

In the Soviet Union and in Poland, in addition to long-term area plans there are being prepared five to ten-year town-planning schemes affecting the siting and building of dwellings, cultural institutions, schools and other public buildings. These indicate the required investment funds and specify the sites which are to be the subject of such investments, with the consequence that the investment plans being implemented concurrently can be co-ordinated with the general needs of the development of the town in question.

Town-planning schemes and regional plans are approved by the local and regional authorities. They are not mandatory so far as they relate to house-building programmes, but are intended rather to offer guidance.

B. Methods of establishing plans

The formulation of plans⁽¹⁾ is a complicated process which depends to a large extent on the organization of house-building in the different countries. The central economic planning bodies which operate at the national level and which are usually represented in the respective regions are responsible for the final preparation of the plans. The organizations in charge of construction, the ministries and State institutions, and also the local authorities, are expected to participate in the preparation of the plans. It should be added that the local authorities are playing an increasingly prominent part in the planning of house-building in all the countries.

The plan is formulated after a comparison of the directives given in the light of the general principles of economic development laid down by the planning bodies for the whole country and its regions with the house-building needs forecast by the future occupiers. These occupiers are, in the main, the representatives of the various sectors of the national economy in proportion to the increase of employment in these sectors and the representatives of the local authorities. In Czechoslovakia, the organization already referred to, the central housing and civilian construction authority, performs a special function in the formulation of the plan. In addition, the scientific research centres and groups of experts participate in the preparation of longer-term plans and study the general problems involved in the long-term plans.

So far as the methods of formulating house-building plans are concerned, questions such as the determination of the proportion of the investment funds to

(1) This section deals with work relating in particular to investment plans.

be allocated to housing, the measures for co-ordinating house-building and other building investments with the productive capacity of the construction undertakings, with the stepped-up production of building materials and with the availability of labour, and other questions have been previously studied in connexion with the problems of the co-ordination of plans. The problem of the methods used in the estimates of housing requirements is the only one which will be treated separately below.

From the ever more searching analysis of housing needs it becomes clear how the methods of planning house-building are developing. This process of development is stimulated by the increase in the volume of building in successive plans and by the enhanced possibility of satisfying the needs; this calls for a more detailed analysis.

In the Soviet Union, the volume of building is determined by reference to the following factors: the raising of the standard of living and, consequently, the improvement of housing conditions; the increase in the urban population; the demand generated by the growth of industrial undertakings and other institutions and by the expansion of new economic centres, mainly in the eastern parts of the country. The targets of the five-year plan are fixed on the basis of the estimated rate of increase of the urban population, a figure which takes account both of the natural increase and of the increase due to the influx of the rural population to the towns. This last calculation is based on the general employment plan, which determines the increase in employment accounted for by the general increase in industrial production. After the establishment of the volume of building required for the improvement of housing conditions, further allowance is made for the requirements due to the abandonment of old or obsolete buildings and of the temporary houses built during the last war. Account is also taken of the demolitions made necessary by the reconstruction of the towns.

In Czechoslovakia, in the work done on the longer-term plan, allowance is made for the following: (a) current needs attributable to the increase in population; (b) the replacement of obsolete houses; (c) the poor technical condition of the buildings; (d) damage caused by mining; (e) the construction of dams; (f) town-planning requirements in town and country; and (g) the requirements due to improved housing standards. Similar factors, although classified differently, are taken

into consideration in estimating housing requirements in other countries, such as Poland and Yugoslavia. Generally speaking, in the formulation of longer-term plans a larger number of factors are taken into account.

As has been stated above, the method employed in the analysis of housing requirements depends largely on its practical application, i.e. on the volume of house-building that can be achieved, a fact to which the Yugoslav report draws particular attention.

In all the countries, the calculation of housing requirements is based on existing census statistics relating to house-building and demographic statistics and on special studies undertaken in that field. In part, the estimate of housing needs is also based on additional material showing housing shortages; this material is collected by the local authorities and by the social organisations from e.g. the registers of applicants for housing (Bulgaria), the registers kept by the local authorities of applicants for housing (Hungary) and from similar sources.

C. Description of existing plans

Table 3 provides additional particulars concerning the organization and planning methods employed in house-building. It shows the house-building targets and their scope, established in existing plans spread over some years as compared with the result of earlier plans. These data have been collected in view of the preparation of the report on the financing of construction.

Table 3
Volume of house-building plans

Country	Units	House-building		
		1951-1955 (Results)	1956-1960 (Plan)	Percentage increase
Bulgaria	1,000 m ² storey surface			
Czechoslovakia	1,000 dwellings			
Eastern Germany	1,000 dwellings			
Hungary	1,000 dwellings			
Poland	1,000 rooms	(a)	(a)	
Romania	1,000 m ² living floor space	(b)	(b)	
Soviet Union	1,000,000 m ² useful floor space	(c)	(c)	
Yugoslavia	1,000 dwellings	(d)	(e)	
(a) Urban building only.				
(b) Building by the State, co-operatives and State-aided private individuals.				
(c) Building financed by the State and urban building financed out of private savings.				
(d) 1952-1956				
(e) 1957-1961				

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 6 of the provisional agenda of the
sixteenth session)

PART I

THE FORMULATION OF HOUSE-BUILDING PROGRAMMES
IN THE COUNTRIES OF EASTERN EUROPE

Provisional report prepared by Mr. A. Andrzejewski (Poland) (Rapporteur)

Corrigendum

Table 3, which in the English version was inadvertently reproduced without figures, should read as follows:

Table 3
Volume of House-building Plans

Country	Units	House-building		
		1951-1955 (Results)	1956-1960 (Plan)	Percentage increase
Bulgaria	1,000 m ² storey surface	5,180.1		
Czechoslovakia	1,000 dwellings	198.0	330	67
Eastern Germany	1,000 dwellings		315	
Hungary	1,000 dwellings	109.9		
Poland	1,000 rooms	694.5(a)	1,200(a)	73
Romania	1,000 m ² living floor space	1,511.0(b)	2,500(b)	66
Soviet Union	1,000,000 m ² useful floor space	151.7(c)	328(c)	116
Yugoslavia	1,000 dwellings	174.3(d)	340(e)	95
(a) Urban building only.				
(b) Building by the State, co-operatives and State-aided private individuals.				
(c) Building financed by the State and urban building financed out of private savings.				
(d) 1952-1956.				
(e) 1957-1961.				

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ECONOMIC COMMISSION FOR EUROPE

6/3/58

HOUSING COMMITTEE

SIXTEENTH SESSION

Position Paper

Housing for the Disabled (HOU/Working Paper No. 81)

Agenda Item No. 7

PROBLEM

The World Veterans Federation, acting as rapporteur, has submitted a preliminary report to the ECE Secretariat on the problem of housing for the disabled. This report has been circulated to the member countries and is to be a subject for discussion at the Sixteenth (June) Session. On the basis of the discussion at the session and additional information subsequently received in writing through the ECE Secretariat, the World Veterans Federation is prepared to submit a new, revised report to the Fall Session. Included in the revised report would be recommended practices with regard to the design, layout, equipment and other specifications of housing for various categories of disabled; recommendations relating to community facilities and ancillary services; and recommendations concerning legal, administrative and financial provisions to aid housing for the disabled.

What action and position should the USDEL take?

UNITED STATES POSITION

The USDEL may concur in the completion of the report and participate in the discussion on the basis of its experience and professional knowledge. At its discretion, it may point out that technical aspects on design, equipment, etc. may be treated more appropriately by CIB.

DISCUSSION

1. The preliminary report on Housing for the Disabled (April 1, 1958) estimates that 12-15 percent of the population of any country suffer from "substantial permanent disabilities". Important advances in rehabilitation are noted, but it is stated that rehabilitation is nullified if there is ineffective integration of the disabled in normal social and community life. The lack of suitable housing is cited as a considerable obstacle to such integration.

2. The position of the seriously disabled or handicapped has been recognized in the United States by both public and private bodies. Rehabilitation and employment of handicapped receives considerable organized support. With respect to housing, public and private agencies

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- 2 -

alike have studied and have conducted research on the problem of housing for the disabled. Assistance to disabled for the purpose of providing housing has been made available by both State and Federal agencies.

3. The preliminary report refers to specifications relating to housing for the disabled which have been published by the United States Veterans Administration and by the State of New York. A number of projects constructed in New York with State aid (15 projects containing a total of 82 specially equipped apartments) are cited as an example of a general housing scheme in which the needs of the disabled have been taken into account.

4. Attached is a statement which the USDEL may use as background for discussion. The USDEL may wish to give a copy to the Secretariat.

Attachment

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ATTACHMENT

MEASURES TAKEN IN THE UNITED STATES
TO ASSIST THE DISABLED TO SECURE HOUSING

Housing assistance for disabled veterans is provided by a number of States and by the United States Government. The type of program or aid varies among the many States concerned. Some States provide loans to veterans to assist them in the purchase of farms or homes. Preference is generally given to disabled veterans. One State directs its program to seriously disabled veterans and provides assistance for the purpose of acquiring suitable dwelling units with special fixtures or movable facilities as necessary. Still another State has authorized municipalities to sell or convey lands for the purpose of providing and building homes for paraplegic veterans. Many States provide property tax relief for veterans, some making the relief for disabled veterans greater. (Tax exemption, in whole or part, lowers the fixed annual charges that must be met and contributes importantly, therefore, in the practical matter of meeting the annual costs of paying for and maintaining a home.)

The United States Veterans Administration directs a program to assist paraplegic and similarly handicapped veterans to get housing. Grants up to \$10,000 per veteran are given for purchase, construction or re-modeling of a home. The Veterans Administration also helps these disabled veterans to get loans for amounts needed in excess of the \$10,000 grant. New houses built under this program have design features to permit maximum ease of movement within and utilization of the dwelling. Because individual cases vary so, only three design requirements are mandatory in every case, viz, three (3) foot wide doors, ramps at exits, and grab-bars in the bathroom.

Under the U. S. VA program, as of the end of March 1958, 5,285 grants had been made, totalling \$49,703,978.00. Four-thousand, six hundred and seventy-nine (4,679) of these grants were to build new homes. Ninety-eight (98%) of all grants to build or remodel have been for single dwellings.

It is the experience of the U.S. VA that re-modeling of existing dwelling units is seldom satisfactory. As a result, it is the policy of the VA to urge building of new houses.

Over the 10 year life of the U. S. VA program some cost data on housing for the disabled have been collected which are of interest. In the case of adaptation or re-modeling, a range in costs from \$75.00 to over \$10,000 exists. Adaptation costs are influenced by the design and placement of the dwelling and by the extent of the veteran's disability. Each case is different.

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The cost of new single homes for disabled has been found to be close to the cost of other new housing that is comparable in space and structure. Wider halls, light switches closer to the floor, etc. are items which in themselves are generally not higher cost features. However, since such dwellings are custom-built and are not project or mass produced, their cost is variously estimated at 8 to 10 percent more than a comparable subdivision home.

In recent years, considerable thought and study has been given in the United States to the problem of elderly persons, who because of impaired earning power or movement, or both, find it difficult to secure suitable housing. In 1956 and 1957, federal laws were passed aiding elderly persons to secure housing in the following ways:

- (a) persons 60 years old or more are now eligible for federally insured mortgages and need not make the down-payment out of their own funds. Down-payments can be made by relatives or other persons or agencies.
- (b) federal mortgage insurance was made available to projects designed for occupancy by the elderly and being built by non-profit organizations.
- (c) elderly single persons 65 years of age or older were made eligible for admission to low-rent public housing. (Prior to this time only "families" of two or more related persons were admissible.) Local authorities were also authorized to give first preference to elderly families.
- (d) assistance was authorized in the case of low-rent public housing for the construction or re-modeling of accommodations designed specifically for elderly families. The construction costs per room of such dwellings may be as high as \$500.00 more per room than the maximum cost permissible for other housing.
- (e) special assistance funds were authorized to the Federal National Mortgage Association for the purchase of mortgages on housing for the elderly pending the establishment of their acceptability in the private mortgage market.

Housing design from the standpoint of the aged and physically handicapped has been the subject of research and study of private and public agencies in the United States for some time. One such study is being carried on at the U. S. Agricultural Research Center, Beltsville, Maryland with the cooperation of the American Heart Association and the National Institute of Arthritic and Metabolic Diseases and the National Heart Institute, both of the U. S. Department of Health, Education and Welfare. The study is predicated on an estimate that there are over 10,000,000 physically handicapped homemakers in the U. S. who must of necessity continue to take care of their families and homes. The study, therefore, centers on kitchen and work areas and their design so that effort and inconvenience will be reduced to a minimum.

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11 April 1958

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 7 of the provisional agenda
of the sixteenth session)

HOUSING FOR THE DISABLED

Note by the Secretariat.

At the Committee's fifteenth session "the representative of the World Veterans Federation stated that his organization was preparing a special report on the problem of housing for the disabled which would be submitted to the Committee's sixteenth session." (E/ECE/HOU/71, paragraph 7). The WVF, in its capacity as rapporteur, has now submitted its preliminary report to the Secretariat in English and in French. Since only a limited number of copies is available, circulation is being confined to the heads of delegations to the Housing Committee.

The WVF estimate "that approximately 12 to 15 per cent of the population of any country suffer from substantial permanent disabilities. Increasing industrialization and speed of transport result in large numbers of physically handicapped every year and the prevalence of chronic diseases also means an increase in the population of severely disabled persons. Measures to restore as many of the disabled as possible to normal and useful life have become an integral part of any sound economic and social policy." The Federation wish accordingly to bring to the attention of Governments the problems of the disabled in relation to housing and environmental planning. The preliminary report attempts to show what can be and is being done to provide suitable housing for the disabled and concludes that there appears to be considerable scope for an exchange of information between Governments on experience gained and results achieved in this field.

Attention is drawn in particular to the recommendations to the Housing Committee set out in Section IV of the report as follows:

"This preliminary report is submitted to the ECE Housing Committee for discussion. It is hoped that there will be sufficient interest in the subject

to warrant further work by the rapporteurs on the basis of additional information furnished by the governments. It would be useful to obtain full particulars on the experience of the different countries in the questions dealt with in this report. It is proposed to expand the report and, if information is available, to discuss the following additional questions:

1. Indications of costs in adapting existing dwellings for occupancy by disabled persons. Relative cost figures on specially designed dwellings for the disabled for inclusion in new housing developments.
2. Legal, administrative and financial aid available for housing for the disabled in the different countries; how these are administered and what results have been achieved.
3. How many and what types of dwellings for various categories of disabled exist at present and what is the estimated need for such housing.

The World Veterans Federation is prepared to continue acting as rapporteur and to submit a new version of this report, taking into account the discussion by the Committee at its June session and additional information subsequently received in writing through the ECE Secretariat. In the new paper, there could be a concluding chapter setting out briefly but systematically, on the basis of various studies made and actual experience in the different countries, a series of recommended practices with regard to the design, layout, equipment and other specifications of housing for various categories of disabled; similarly, there would be recommendations relating to ancillary services and community facilities; there would also be recommendations concerning legal, administrative and financial provisions to aid housing for the disabled.

The revised version of the report would be submitted to the autumn session of the Housing Committee. It is hoped that at that session the Committee could adopt some recommendations to governments with regard to the need for providing housing for the disabled in new housing developments and drawing the attention of governments to recommended practices as will be set out in the concluding chapter of the report. The report might then be issued as a UN document for general distribution and sale, with the printing assured by the WVF."

*Attachments not
included.*

6/3/58

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

SIXTEENTH SESSION

Position Paper

Proposed Arrangements for an Ad Hoc Meeting on Standardization and Modular Coordination (HOU/Working Paper No. 82, 18 April 1958)

Agenda Item 8

PROBLEM

The Committee at its session in November-1957 "endorsed the objectives of the proposed ad hoc meeting on standardization and modular coordination" and since then, rapporteurs and the Secretariat have developed proposed objectives and an agenda (HOU/Working Paper No. 82, 18 April 1958) for the consideration at the sixteenth session of the Committee. The problem appears to be one of assuring that the meeting will concern itself only with problems within the competence of the ECE Housing Committee, and that it will not become unwieldy or bogged down in detail and that all useful aspects of the subject be explored. The following matters will be considered in connection with this meeting (1) timing, (2) scope, (3) participation.

POSITION

1. Timing. In view of the preparatory work involved - and in order to fully take into account the work of the European Productivity Agency which has been working in this field, the USDEL may concert with Western European delegates with a view to delaying the meeting until after EPA has completed its final report. Should agreement not be found for this suggestion, the USDEL may support the proposal made by the Secretariat that the meeting be held in connection with the Spring Session of the ECE Housing Committee in 1959 rather than at an earlier date should the latter be proposed.

2. Scope. The U. S. believes that:

(a) This first meeting should concern itself with the steps Governments and Standards Organizations have taken, to promote the adoption and application of standardization and modular coordination on the national and international level. In the light of this the USDEL may propose that Item 3 (b) of the Provisional Agenda (HOU/Working Paper No. 82 Annex, Page 1) be omitted.

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(b) While the Agenda does not presently include discussion of the theory of modular coordination or the desirability of any particular module, such an item may be proposed.

The USDEL should oppose any such suggestion on the grounds that it is not within the competence of this Committee and is being thoroughly explored elsewhere.

(c) To assure free discussion the USDEL may propose that no resolutions be considered, rather that the papers and a resume of the discussion be widely distributed by the Secretariat.

(d) With reference to Item 4 of the Provisional Agenda (HOU/Working Paper No. 82 Annex, pages 1 and 5); the USDEL may propose that, should recommendations arise from the meeting which require a government position, adequate time must be allowed for governments to formulate such positions.

3. Participation. With reference to the last paragraph on Page 2 of HOU/Working Paper No. 82, the USDEL may recommend that the composition of national delegations be left to the discretion of the member governments in the customary manner.

DISCUSSION

The following discussion is supplemented by the documents which are attached (1) MODULAR MEASURE - A Review, March 1958; (2) Report on European Productivity Agency, Project No. 174, April 14, 1958 by F. C. Frost, American Standards Association.

The industrialization of the building industry requires among other things the standardization of all major building components in predetermined sizes which render them capable of being incorporated in a building without modification.

In order to achieve this objective it is essential that there be general agreement on a unit of measure or "module" which will form the basis on which all sizes will be predicated. In other words each component will be made in multiples of the module within reasonable tolerances and with allowances for jointing.

Such a module must also serve as the basis for the design and dimensioning of the complete building.

When the design of the building and the standardization of the individual components of which it is comprised are developed with the module as the common unit of measure the result is modular coordination.

The theory and technical considerations involved in standardization of building materials and components and modular coordination have been under study by the European Productivity Agency (Project 174) for several years. They have completed theoretical studies and at the present time field studies are under way in a number of the participating countries with a view to studying the practical application of various theories by designing and constructing test buildings. It is expected that these studies will be complete in the fall of 1958. Another year will elapse before results are published.

The modules considered by EPA are the 4-inch module which is acceptable to the UK and which has been the American Standard for the past 12 years and the 10-centimeter module which is acceptable to many European countries.

Before formally adopting any recommendations the EPA Modular Coordination Plenary Group must necessarily wait for the results of the field studies.

However, there appears to be very general agreement on the acceptability of the 10cm/4" module and as a result of stimulation by EPA country delegates the Sub-committee on Modular Coordination of the International Standards Organization was reconvened and recommended the adoption of the 10cm/4" module by its member countries.

In the USA the general adoption of the 4-inch module is being encouraged. The Modular Buildings Standards Association was recently organized to promote the use of modular coordination in the design of buildings and the production of building components meeting modular standards. Sponsors are the National Association of Home Builders, American Institute of Architects, Producers Council, and Association of General Contractors.

In view of the general acceptance of the 10cm/4" module by the EPA countries (all of whom are members of ECE) and the recommendation of ISO, it does not appear that the theory of modular coordination or size of module should become the subject of discussion in ECE. However, the Eastern Europeans may wish to include such a discussion on the agenda on the grounds that they are not members of EPA.

Even after adoption by governments or standards organizations of the principle of modular coordination and standardization to the 10cm/4" module, many problems still remain. Building codes must be studied and revised; an education program will be needed to encourage acceptance by the architectural and engineering profession, the building industry, and the producers of building materials. The latter must be convinced of the profitability of a change and given time to retool; time will also be needed for specialization and trade to follow the most efficient geographic channels; tariff and trading relations will require re-examination.

It is improbable that modular coordination will be generally adopted everywhere at once. Over the passing years step-by-step changes will occur as industries find it profitable to retool and as designers and users of products seek to apply the modular principle.

Because of the many and complex problems involved in total conversion to standardization on a modular basis these problems should be considered by ECE in logical sequence at a series of meetings.

Any attempt to study all aspects at a single meeting will undoubtedly result in confusion.

For example, while important, the subject of international trade in building materials and components has many facets which are not directly related to standardization of materials, and care must be taken to see that this meeting does not digress into areas not germane to the problem at hand.

Similarly, participation by manufacturers of building materials and components may introduce undesirable detail and focus attention on industrial problems rather than on the broader objectives of the meeting.

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

Item 8 of the provisional agenda
of the sixteenth session

PROPOSED ARRANGEMENTS FOR AN AD HOC MEETING
ON STANDARDIZATION AND MODULAR CO-ORDINATION

Note by the Secretariat

The Committee at its fifteenth session in November 1957 "endorsed the objectives of the proposed ad hoc meeting on standardization and modular co-ordination" but felt "that there was scope for further development of the objectives of the ad hoc meeting and that in addition a detailed agenda should be prepared. Mr. Blanchère (France) and Mr. Drogeanu (Romania) were invited to act as rapporteurs and to prepare, together with the Secretariat and in consultation with the other international organizations working in this field, a paper setting out detailed arrangements for consideration at the sixteenth session of the Committee. At this session it was hoped to take a definite decision on the date on which the ad hoc meeting should be convened". (E/ECE/HOU/71, paragraph 11).

Provisional agenda

A provisional agenda and a detailed explanatory note thereon are now circulated in the enclosed annex, which has been drawn up by the rapporteurs in consultation with the Secretariat. It is suggested that this annex should be revised as necessary by the rapporteurs in the light of the Committee's discussion and circulated to governments.

Timing and participation

The Committee decided at its fifteenth session that the ad hoc meeting should be held as soon as possible, account being taken of the work of other international organizations working in this field. It was at first envisaged that the meeting might be held in conjunction with the Committee's autumn session in November 1958, and provisionally two extra days had been set aside for this purpose. One reason

for this was that a first provisional report on government policies and the cost of building, in the course of which the question of standardization and modular co-ordination will be discussed, will be presented to the November session. Both at the Housing Committee and at the thirteenth session of the Commission in April 1958 some delegates expressed the view that the ad hoc meeting should be held towards the end of this year or early next year; a number of others, while fully supporting the objectives of this work, thought that the meeting should take place somewhat later to take more fully into account the work being done by the European Productivity Agency (EPA). In the light of the considerable preparatory work envisaged in the proposals and of the further work likely to be required on the provisional report on government policies and the cost of building, after the autumn session of 1958, and taking into account also the observations of various delegates in the Committee and in the Commission, the Secretariat is of the opinion that the Committee's spring session in 1959 would be a convenient occasion to hold the ad hoc meeting.

It is suggested that in view of the scope and nature of this special meeting participation should be on a wider basis than normally and that in addition to the delegates from the participating countries and representatives of the international technical and professional organizations concerned with aspects of housing and building, national delegations might include representatives of manufacturers of building materials, components and equipment.

ANNEX

PROVISIONAL AGENDA

Ad hoc meeting on standardization and modular
Co-ordination

1. Standardization at the national level:
 - (a) Steps taken by governments or official bodies responsible for regulation or standardization;
 - (b) Steps taken by housing authorities, associations of building (housing) societies, building co-operatives, etc;
 - (c) Steps taken by the building industry, professional organizations of producers and manufacturers of building materials, components, machinery etc.
2. Standardization at the international level:
 - (a) Activities of inter-governmental organizations;
 - (b) Activities of international non-governmental organizations of a technical character;
 - (c) Activities of international professional organizations.
3. Standardization and the international trade in building materials and components:
 - (a) Present position of the trade in building materials and components;
 - (b) Measures calculated to facilitate international trade in building materials and components.
4. Adoption of report to the Housing Committee.

NOTES ON THE PROVISIONAL AGENDA

Before explaining the content of the various items on the agenda, it may be well to point out that standardization is to be taken here in its broadest connotation, i.e. as applying both to quality and to dimensions. The information which will be requested at the national and international level should therefore indicate the work done by the competent bodies to promote qualitative standardization (technical approval of non-traditional materials, drawing up of specifications, quality control, etc.) as well as dimensional standardization. With respect to the latter, it is important to single out the main stages in the process of standardization: ordinary or general standards designed to unify dimensions and reduce their diversity, industrial typification standards, co-ordination of dimensional standards. A brief outline of the general problem and its implications for the building industry could be prepared by the Secretariat with the help of a qualified rapporteur (e.g. Mr. Ciribini (Italy)).

1. Standardization at the national level

(a) Under this item should be considered the information supplied by governments on the action they take, by direct regulation or through official bodies concerned with standardization, in the matter of elaborating, promulgating and applying in practice qualitative and dimensional standards in building. It would be particularly helpful if country replies could specify the nature of the various standardization provisions (recommendations, preferred characteristics, compulsory provisions confined to certain types of buildings or certain methods of financing, compulsory national standards, etc.). Emphasis will be placed on the means at the command of governmental bodies for carrying through standardization in general and on the difficulties they encounter in so doing.

(b) Under this item, an attempt will be made to appraise the action taken by building promoters to impose the use in their projects of specific types of materials, finished building components or standard lay-outs. The extent to which this action makes itself felt, both on the market and on housing planners, varies according to the size and nature of the building programmes in the various countries. It may range from the fixing of certain qualitative or functional characteristics or of preferred or compulsory dimensions to full-scale industrial typification though the creation of a large and sustained demand for products meeting certain

specifications. Reports could be requested on the subject from the local authorities (United Kingdom), the HLM (moderate-rental housing) organizations (France), the Société National du Logement (Belgium), the Non-profit-making housing societies in the Federal Republic of Germany and the local Soviets in the USSR. Under the same head, a note could be requested on the activity of co-operative building societies in the Scandinavian countries (e.g. Norway).

(c) Spontaneous moves towards qualitative and dimensional typification have had their effect on certain branches of the building industry, and particularly on the production of semi-finished materials, parts of equipment or even machinery. These moves have often started with agreements between producers to limit the range of types, specialize production and certify the qualitative features of particular products (e.g. the quality label system). How far such moves go depends very greatly on the branch of activity and it would no doubt be interesting to study some typical examples, such as the dimensional standardization of fibreboard, steel sections, joinery, concrete blocks, site equipment, etc. Competent professional organisations might be asked to submit a report on the subject.

2. Standardization at the international level

(a) The large inter-governmental organizations, such as the European Productivity Agency of OEEC, the ECSC, and the Council of Mutual Aid (Eastern Europe), could be asked to submit reports on the progress of their studies on standardization and dimensional co-ordination in building.

(b) Action on this point by the international non-governmental organizations of a technical character is pursued on very varied planes.

First and foremost comes the ISO, which might be asked to make a brief report on the results of its work in the field of building in general and more particular modular co-ordination (ISO/TC/59).

The Studies Section of the CIB has on its programme of work the definition of a list of physical and functional characteristics of building materials and components to serve as a common nucleus for the testing programmes of the various national research laboratories. This venture, which does not for the moment aim at qualitative standardization proper nor at the formulation of standard tests, is nonetheless an interesting first step in that direction. Mr. Parker might be asked to write a short note on the subject.

The International Union of Research and Testing Laboratories for Materials and Structures (RILEM) might also be asked to provide information on its work on the standardization of tests for certain basic materials (cement, steel, etc.).

Lastly, other international organizations have on their study programmes the question of standardization in general and of dimensional co-ordination. In so far as such research may find direct practical application, it would be useful for the competent organizations (e.g. the UIA) to be asked to write short notes on their work.

(c) The activity of international professional organizations of building material manufacturers sometimes extends into the international sphere action taken nationally by certain industries (c.f. item (c) above); and may at times precede or direct such action. Notes could be requested from the main organizations which have exerted direct action in this field (the TBE, the European Federation of Fibreboard Manufacturers, the Association internationale de l'Asphalte appliqué à la Construction, the Union Internationale de la Couverture, etc.)

3. Standardization and the international trade in building materials and components

(a) It would first be necessary to appraise the present volume of trade in building materials and finished structural products between the countries participating in the work of the Commission. The Secretariat should certainly be able to prepare, with the help of the governments concerned, a brief statistical survey of the subject. It is suggested that the discussion be based principally on statements submitted for or during the meeting by representatives from interested countries on the possibilities of greater international trade in specific building materials and components. A further sub-division of this agenda item could be the study of technical difficulties, other than those of a purely commercial character, in the way of developing such international trade. It would, in particular, be useful to know what is the least that must be achieved by way of standardization in order for it to be beneficial to international trade. These individual points should be included in questionnaires to be addressed to governments and international organizations.

(b) The results of the study of agenda items 1,2 and 3 (a) should lead up to consideration of measures to facilitate international trade. These measures

differ very widely according to the means which can be mobilised to put them into effect and according to the field of competence of the bodies called upon to formulate them. The meeting could, for instance, consider:

- the development of national catalogues of standardized components now on the market, on the lines of the catalogues being prepared by the Modular Society in the United Kingdom, the Bouwcentrum in the Netherlands, the CSTB in France, etc. The possibility of making some of these catalogues international in character could also be considered.
- the framing of international agreements on specification cards for building materials and components and on the necessary tests for determining their physical and functional characteristics (CIB, RILEM);
- the establishment and development of regional agreements for the internationalization of qualitative and dimensional standards. Detailed proposals on this point might be requested from Mr. Paquay (Belgium);
- the real prospects at the moment of framing and applying international standards for building materials and components (ISO).

4. Adoption of report to the Housing Committee

It is proposed that the conclusions arising from this Meeting should be in the form of recommendations contained in the report to the Housing Committee, which would meet immediately afterwards.

see
book
HOU/WP.3/no 84

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HOU/WP.3/Working Paper No. 28/Add.1
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HOUSING COMMITTEE
(Sixteenth session)



PROPOSED TIME-TABLE FOR FORTHCOMING HOUSING MEETINGS

Addendum

The Secretariat has listed below for the convenience of delegates the rooms in which the various meetings of the Housing Committee, the Statistical Working Party and groups of rapporteurs will be held during the week 16 to 20 June 1958. At the same time a few changes of programme are to be noted.

Monday, 16 June

10.30 a.m.	- Working Party on Housing and Building Statistics	Salle V
10.30 a.m.	- Meeting of rapporteurs on rural housing	C.3
3 p.m.	- Working Party on Housing and Building Statistics	Salle V
3 p.m.	- Meeting of rapporteurs on particular questions of urbanization and town planning in relation to cost of building	D. 121
3 p.m.	- Meeting of rapporteurs on government policies and cost of building	D. 119

Tuesday, 17 June

10 a.m.	- Working Party on Housing and Building Statistics	Salle V
10 a.m.	- Meeting of rapporteurs on housing developments in less industrialized countries	Owing to illness this meeting will not be held
3 p.m.	- Working Party on Housing and Building Statistics	Salle V
3 p.m.	- Meeting of rapporteurs on rural housing	C.3

Wednesday, 18 June

9 a.m.	- Working Party on Housing and Building Statistics	Salle V
10 a.m.	- Meeting of rapporteurs on financing of housing	Salle V
10 a.m.	- Meeting of rapporteurs on standardization and modular co-ordination	D. 121
10 a.m.	- Meeting of rapporteurs on government policies and cost of building	C.3
3 p.m.	- Housing Committee	Salle V

Thursday and Friday, 19 and 20 June

Housing Committee	Salle V
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HOUSING COMMITTEE

(Sixteenth session)

PROPOSED TIME-TABLE FOR FORTHCOMING HOUSING MEETINGS

12 to 20 June 1958

In accordance with its usual practice, the Secretariat is proposing the following time-table for the forthcoming meetings of the Housing Committee, the Working Party on Housing and Building Statistics, and groups of rapporteurs which are to be held during the period 12 to 20 June 1958. The meeting of the rapporteurs on the utilization of space in dwellings will take place in Brussels; the others will be held in Geneva, as usual.

The Secretariat is also suggesting an order in which the items of the agenda might be taken up.

Thursday and Friday, 12 and 13 June 1958; rapporteurs on the utilization of space in dwellings; the rapporteurs are: Mr. Blackshaw (United Kingdom), Mr. Blokhine (USSR), Mr. Lebegge (Belgium), and a representative from the International Union of Architects (UIA). The meeting will be held at the Institut National du Logement, 86, rue St. Lazare, Brussels.

Monday, 16 June

- | | |
|------------|---|
| 10.30 a.m. | - Working Party on Housing and Building Statistics |
| | - Item 1: Adoption of agenda |
| | - Item 2: Election of officers |
| | - Item 3: Activity of Conference of European Statisticians |
| | - Item 4: Annual Bulletin of Housing and Building Statistics |
| 10.30 a.m. | - Meeting of rapporteurs on rural housing /Mr. Björk (Sweden),
Mr. Charlier (Belgium); Messrs. Burroughs and Dodge (United
States of America), Mr. Drogeanu (Romania), Mr. Ivantchenko
(USSR) /. |
| 3 p.m. | - Working Party on Housing and Building Statistics |
| | - Item 4: (continued) |

Monday, 16 June
(continued)

- 3 p.m. - Meeting of rapporteurs on particular questions of urbanization and town planning in relation to cost of building /Mr. Stefanovic (Yugoslavia) and a rapporteur from Sweden/.
- 3 p.m. - Meeting of rapporteurs on government policies and cost of building.

Tuesday, 17 June

- 10 a.m. - Working Party on Housing and Building Statistics
 - Item 5: Quarterly Bulletin of Housing and Building Statistics
 - Item 6: The use of physical units for measuring building activity
- 10 a.m. - Meeting of rapporteurs on housing developments in less industrialized countries /Rapporteurs from Greece, Turkey and Yugoslavia/.
- 3 p.m. - Working Party on Housing and Building Statistics
 - Item 7: Work programme
 - Item 8: Any other business
- 3 p.m. - Meeting of rapporteurs on rural housing (continued).

Wednesday, 18 June

- 9 a.m. - The Working Party on Housing and Building Statistics should be convened for one hour to adopt its report (Item 9 of the agenda).
- 10 a.m. - Meeting of rapporteurs on financing of housing /Mr. Datzkov (Bulgaria), Mr. Salatin (France), Mr. di Lorenzo (Italy), Mr. Seip (Norway), Mr. Andrzejewski (Poland), Mr. Burroughs (United States of America), and Mr. Robert (International Co-operative Alliance)/.
- 10 a.m. - Meeting of rapporteurs on standardization and modular co-ordination /Mr. Blachère (France) and Mr. Drogeanu (Romania)/.
- 10 a.m. - Meeting of rapporteurs on government policies and cost of building (continued)
- 3 p.m. - Housing Committee
 - Item 1: Adoption of Agenda
 - Item 2: Election of Officers
 - Item 3: Matters arising from the thirteenth session of the Economic Commission for Europe
 - Item 4: Financing of Housing

Thursday, 19 June

- 10 a.m. - Housing Committee
 - Item 4: (continued)
 - Item 5: European housing trends and policies in 1957
- 3 p.m. - Item 5 (continued)
 - Item 6: Formulation of house-building programmes

Friday, 20 June

10 a.m.

- Housing Committee
 - Item 7: Housing for the disabled
 - Item 8: Standardization and modular co-ordination
 - Item 9: Particular questions of urbanization and town-planning in relation to cost of building

3 p.m.

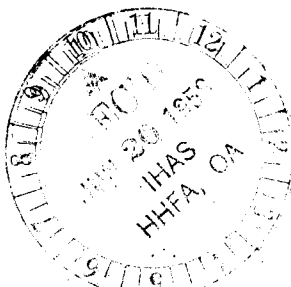
- Housing Committee
 - Item 10: Other work in progress
 - Item 11: Technical co-operation and all-European contacts
 - Item 12: Any other business
 - Item 13: Date of next meeting
 - Item 14: Adoption of report of session

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HOU/Working Paper No85
16 June 1958

English only.

ECONOMIC COMMISSION FOR EUROPE
HOUSING COMMITTEE



JUN 16 1958

List No5 of Working Papers in the HOU Series and
HOU Sub-series issued from 21 November 1957 up to 16 June 1958.

Document Number	Language	Short title of documents
<u>I. Plenary Series.</u>		
Symbol: HOU/ Working Paper No66, Corr.1	E. o)	Financing of Housing in Europe: Chapter III: Sources of Capital for Housing and Financial Institutions Concerned: Corri- gendum to Text.
No66, Corr.2	E. o)	Chapter IV: Public Financial Aid: Corrigendum to Text.
No66, Add.6, Annex I	E. R. oo)	Annex I: Financing of Co-operative Building.
No75	E. only	List No4 of Working Papers issued from 30 May up to 20 November 1957.
No76	E. F. R.	Study Tour to Czechoslovakia: Note by Secretariat.
No76, Corr.1	E. F. R.	Corrigendum to Text.
No77	E. F. R.	Matters Arising from 13th Session of Economic Commission for Europe: Note by Secretariat.
No78	E. F. R. ooo)	Financing of Housing in Europe: Note by Secre- tariat.
No78, Add.1	E. F. R.	Chapter V: Some Policy Issues.
No78, Add.2	R. only	Chapter I.
No79	E. oooo)	European Housing Trends and Policies in 1957.
No80	E. F. R.	Formulation of House-Building Programmes: Note by Secretariat.
No80, Corr.1	E. only	Corrigendum to Text.

- o) French and Russian texts already distributed.
oo) French text already distributed.
ooo) Chapter I in Russian has been issued under the symbol HOU/Working Paper No78, Add.2.
Chapter IV will be issued under the symbol HOU/Working Paper No78, Add.3.
oooo) French and Russian texts not yet distributed.

Document Number	Language	Short title of documents
<u>I. Plenary Series (contd.).</u>		
Symbol: HOU/ Working Paper No80, Add.1	E. F. R.	Formulation of House-Building Programmes in the Countries of Eastern Europe: Provisional Report by Mr. A. Andrzejewski (Poland).
No80, Add.1, Corr.1	E. only	Corrigendum to Text.
No81	E. F. R.	Housing for the Disabled: Note by Secretariat.
No82	E. F. R.	Proposed Arrangements for an ad hoc Meeting on Standardization and Modular Co-ordination: Note by Secretariat.
No84 HOU/WP.3/Working Paper No 28	E. F. R.	Proposed Time-Table for Forthcoming Housing Meetings.
No84, Add.1 HOU/WP.3/Working Paper No28, Add.1	E. F. R.	Addendum to Text.
<u>II. Working Party on Housing and Building Statistics.</u>		
Symbol: HOU/WP.3/ Working Paper No24	E. F. R.	Draft Annual Bulletin of Housing and Building Statistics for Europe: Note by Secretariat.
No24, Add.1	Bil. R.	Addendum to Text.
No24, Add.2	E. F. R.	Annex I: Notes to the Tables.
No24, Add.3	Bil. ooooo)	Further Addendum to Text.
No25	E. F. R.	Quarterly Bulletin of Housing and Building Statistics for Europe: Note by Secretariat.
No26	E. oooo)	Use of Physical Units for Measuring Building Activity: Note by Secretariat.
No27	E. F. R.	Work Programme of Working Party: Note by Secretariat.
No28 HOU/Working Paper No84	E. F. R.	Proposed Time-Table for Forthcoming Housing Meetings.
No28, Add.1 HOU/Working Paper No84, Add.1	E. F. R.	Addendum to Text.

oooo) French and Russian texts not yet distributed.

ooooo) Russian text not yet distributed.

HOUSING AND HOME FINANCE AGENCY
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HOU/Working Paper No. 86 Add. 1
27 October 1958

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

ITINERARY OF GROUP VISIT IN ITALY

The details of the itinerary of the group visit in Italy have now been received from the Italian authorities and are set out below:

Saturday, 15 November

Rome: 9.30 a.m. All participants meet at the Piazza dell' Esedra for a tour of the city and a visit to residential districts and building sites. Leave for Naples in the afternoon.

Sunday, 16 November

Naples: Leave about 8.30 a.m. to visit the excavations at Herculaneum and then on to Salerno. At noon the Mayor of Salerno will hold a small reception at the Town Hall and a lunch will be given by the Salerno Institute of Low-Cost Housing. In the afternoon, visit to low-cost housing in the town, then back to Naples. In the evening, the Naples Municipality will hold a reception at the Royal Palace.

Monday, 17 November

Naples: The morning will be spent visiting low-cost housing and residential districts in Naples. At noon a lecture will be given at the Banco di Napoli on land banking in Italy. At 1.30 p.m. the Olivetti firm will give a lunch at its plant at Pozzuoli and participants will visit the plant. At 4 p.m. leave for Genoa by special train.

Tuesday, 18 November

Genoa: The morning will be spent visiting residential districts and building sites in Genoa. At 12.30 p.m. lunch at the Olimpo Building arranged by the Genoa Institute of Low-Cost Housing. In the afternoon another tour of the city to visit a building site. Leave for Turin by train at 5 p.m.

Wednesday, 19 November

Turin: In the morning visit to housing erected by the Institute of Low-Cost Housing and the INA-Casa in Turin. The Committee will be received by the Mayor of Turin at noon; at 1 p.m. a lunch given by the Institute of Low-Cost Housing. At 3 p.m. the Committee will visit the FIAT plant and housing units built by FIAT. At 6 p.m. leave for Milan by bus.

Thursday, 20 November

Milan: The day will be spent visiting residential units and low-cost housing schemes in Milan.

Friday, 21 November

Milan: In the morning further visits to houses and residential districts. In the afternoon official closure at a meeting during which participants will be able to express their views on Italian achievements in building. In the evening official dinner marking the closure of the visit.

Saturday, 22 November

Milan: In the morning visit to other residential districts; after lunch visit ends.

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ECONOMIC COMMISSION FOR EUROPE
HOUSING COMMITTEE

ARRANGEMENTS FOR NEXT HOUSING MEETINGS IN ROME
AND GROUP VISIT IN ITALY

Corrigendum

Owing to a number of new factors, the time-table for the meetings of groups of rapporteurs set out in HOU/Working Paper No. 86 Annex I requires some modification.

First, the meeting of rapporteurs on rural housing, scheduled to take place on Monday, 10 November, should be cancelled owing to a serious accident in which the principal rapporteur, Mr. Björk (Sweden) has been involved.

Secondly, the meeting of rapporteurs on standardization and modular co-ordination will require an additional half-day's meeting.

Thirdly, account needs to be taken of the limited time available to some of the rapporteurs who are not able to stay for the entire week.

A revised time-table has accordingly been prepared and is set out below.

For delegates who arrive early in the week and are not involved in the meetings of rapporteurs, arrangements are being made by the Italian authorities for visits on the mornings of Tuesday and Wednesday 11 and 12 November. The group visit in Italy will start on Saturday afternoon, 15 November, instead of Friday evening. Saturday morning will be left free for visits in Rome. The details of the group visit have now been received and are circulated separately.

REVISED TIME-TABLE FOR FORTHCOMING HOUSING MEETINGS

10 to 14 November 1958

Monday, 10 November

- 10.30 a.m. - Meeting of rapporteurs on government policies and the cost of building
- 10.30 a.m. - Meeting of rapporteurs on particular questions of urbanization and town planning in relation to cost of building
/Mr. Ahrén (Sweden), Mr. Tepina (Yugoslavia), Mr. Bodiansky (International Centre for Regional Planning and Development, ICRPD), and representatives from the International Union of Architects (UIA) and the International Federation for Housing and Town Planning (IFHTP)/
- 3 p.m. - Meeting of rapporteurs on government policies and the cost of building (continued)
- 3 p.m. - Meeting of rapporteurs on particular questions of urbanization and town planning in relation to cost of building (continued)

Tuesday, 11 November

- 10 a.m. - Meeting of rapporteurs on utilization of space in dwellings
/Mr. Blackshaw (United Kingdom), Mr. Blokhine (USSR), Mr. Lebegge (Belgium) and a representative from the International Union of Architects (UIA)/
- 3 p.m. - Meeting of rapporteurs on standardization and modular co-ordination
/Mr. Blachère (France) and other rapporteurs to be nominated/
- 3 p.m. - Meeting of rapporteurs on utilization of space in dwellings (continued if necessary)

Wednesday, 12 November

- 10 a.m. - Meeting of rapporteurs on standardization and modular co-ordination (continued)
- 10 a.m. - Meeting of rapporteurs on housing developments in less industrialized countries
/rapporteurs from Greece, Turkey and Yugoslavia/
- 3 p.m. - Housing Committee

Thursday and Friday

- 13 and 14 November - Housing Committee

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ECONOMIC COMMISSION FOR EUROPE
HOUSING COMMITTEE

ARRANGEMENTS FOR NEXT HOUSING COMMITTEE SESSION IN ROME
AND GROUP VISIT IN ITALY

Note by the Secretariat

The Secretariat has received from the Government of Italy an invitation for the Housing Committee to hold its next session from 10 to 14 November 1958 in Rome, this session to be followed by a comprehensive group visit to study various aspects of housing, building and town planning in Italy.

The Italian Government is prepared to defray all the additional expenses involved to the United Nations in holding this Committee session in Rome, such as provision of meeting halls, translation and interpretation, travel and living expenses of the Secretariat, in accordance with the General Assembly Resolution 1202 (XII).

The Secretariat has consulted with the Chairman and Vice-Chairman of the Housing Committee, who favoured the holding of the next Housing Committee session in Rome and the group visit to Italy. Accordingly, subject to completion of a formal agreement between the Italian Government and the Secretary General on administrative arrangements, this invitation has been accepted and the participating governments informed by the Executive Secretary. The concentrated short group visit to Stuttgart, which it has been previously envisaged should be held immediately after the Committee session, has accordingly been postponed, with the agreement of the Government of the Federal Republic of Germany, to the autumn session of 1959.

A time-table of the meetings of the various groups of rapporteurs and of the Housing Committee which will be held from 10 to 14 November 1958 is set out in Annex I. The meetings will be held at the following address in Rome: Headquarters of the Food and Agriculture Organization (FAO), Viale delle Terme di Caracalla. The agenda and the explanatory note to the agenda will be circulated very soon.

Delegates are expected to make their own arrangements for hotel accommodation in Rome but in case of difficulties should address themselves to: Mr. Italo di Lorenzo, Ministero dei Lavori Pubblici, Rome. Similarly, delegates who require an Italian visa on their passports should obtain them directly from the Italian consular offices in their own country.

Immediately after the Committee session there will be a comprehensive group visit lasting eight days. The main subjects to be observed and discussed during the tour will be: the technological development of the building industry, utilization of dwelling space, slum clearance, rural housing, urban development and town planning. The study tour will include the following main cities: Naples, Genoa, Turin and Milan.

For the group visit an all-inclusive fixed charge has been worked out by the host Government amounting to US \$80 per participant in the group visit, covering hotel accommodation and meals (exclusive of beverages or drinks) and transportation. Delegates who intend to take part in the group visit should fill out the enclosed registration form (Annex II) in duplicate and send it by 10 October 1958 to: M. Italo di Lorenzo, Ministero dei Lavori Pubblici, Rome. Further details about the group visit and where payment should be made will be circulated shortly.

ANNEX I

PROPOSED TIME-TABLE FOR FORTHCOMING HOUSING MEETINGS

10 to 14 November 1958

Monday, 10 November

10.30 a.m.

- Meeting of rapporteurs on rural housing [Mr. Björk (Sweden), Mr. Charlier (Belgium), Messrs. Burroughs and Dodge (United States of America), Mr. Drogeanu (Romania), Messrs. Ivantchenko and Kosenko (Ukrainian SSR), Mr. Petit (Commission Internationale de Génie Rural)]

10.30 a.m.

- Meeting of rapporteurs on government policies and the cost of building

3 p.m.

- Meeting of rapporteurs on rural housing (continued)

3 p.m.

- Meeting of rapporteurs on government policies and the cost of building (continued)

Tuesday, 11 November

10 a.m.

- Meeting of rapporteurs on particular questions of urbanization and town planning in relation to cost of building.

[Mr. Ahrén (Sweden), Mr. Tepina (Yugoslavia), Mr. Bodiansky (International Centre for Regional Planning and Development, ICRPD), and representatives from the International Union of Architects (UIA) and the International Federation for Housing and Town Planning (IFHTP)]

10 a.m.

- Meeting of rapporteurs on utilization of space in dwellings [Mr. Blackshaw (United Kingdom), Mr. Blokhine (USSR), Mr. Lebegge (Belgium) and a representative from the International Union of Architects (UIA)]

3 p.m.

- Meeting of rapporteurs on particular questions of urbanization and town planning in relation to cost of building (continued)

3 p.m.

- Meeting of rapporteurs on utilization of space in dwellings (continued)

Wednesday, 12 November

10 a.m.

- Meeting of rapporteurs on standardization and modular co-ordination [Mr. Blachère (France) and other rapporteurs to be nominated]

10 a.m.

- Meeting of rapporteurs on housing developments in less industrialized countries [rapporteurs from Greece, Turkey and Yugoslavia]

3 p.m.

- Housing Committee

Thursday and Friday,

13 and 14 November

- Housing Committee

ANNEX II

NOTIFICATION OF PARTICIPATION IN THE STUDY TOUR TO ITALY

Participants in the study tour are kindly requested to complete⁽¹⁾ two copies of this registration form and, since it is essential to make reservations of accommodation well in advance, to send them before 15 October 1958 to the following address: M. Italo di Lorenzo, Ministero dei Lavori Pubblici, Rome.

Name and surname (underline surname)
Date of birth Place Country
Nationality
Occupation and position
Authority, organization, or firm of employment
Residence Country
Accompanied by (name, surname, née)
Date of birth Place Country

Signature

(1) Either by typing or by writing in block letters.

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Date of birth Place Country

Signature

(1) Either by typing or by writing in block letters.

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HOUSING COMMITTEE

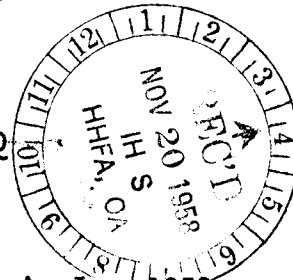
(Item 3 of the provisional agenda
of the seventeenth session)

HOUSING AND HOUSING SERVICES AGENCY
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20540

MAY 20 1958

HOUSING FOR THE DISABLED

Note by the Secretariat



The Housing Committee at its sixteenth session in June 1958 examined a provisional report on Housing for the Disabled prepared by the World Veterans Federation as rapporteur. It was agreed that "this report was a valuable contribution to the solution of a major social problem". The Committee noted that a further provisional report would be prepared for discussion at the next session (E/ECE/HOU/74, paragraph 13). The WVF has now submitted a second provisional report in English and French which will be tabled at the Committee's seventeenth session.

The WVF estimate that approximately 12 to 15 per cent of the population of any country suffer from substantial permanent disabilities. Apart from war disabled, increasing industrialization and speed of transport result in a large number of physically handicapped every year and the prevalence of chronic diseases also means an increase in the population of severely disabled persons. Measures to restore as many of the disabled as possible to normal and useful life have become an integral part of any sound economic and social policy. Proper housing obviously plays a key role in such a scheme. The Federation wish accordingly to bring to the attention of governments the problems of the disabled in relation to housing. The report attempts to show what can be and is being done to provide suitable housing for the disabled. In an Annex to the report which will be tabled the WVF sets out some general tentative conclusions for consideration by the Committee.

The World Veterans Federation would like to revise and complete the report, taking into account the discussion by the Committee and additional information subsequently received in writing. The report might then be issued for general distribution, with the printing assured by the WVF.

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HOUSING COMMITTEE

(Item 6 (i) of the provisional
agenda of the seventh session)

HOUSING COMMITTEE WORK PROGRAMME

Note by the Secretariat

At its autumn session the Housing Committee, following normal practice, should consider and adopt its programme of work. The Secretariat has prepared a draft of the work programme which is set out below. Amendments will be drafted in the light of the discussions and decisions of the seventeenth session for adoption during the session. The revised and completed document will then be submitted to the fourteenth session of the Economic Commission for Europe.

It will be recalled that the Executive Secretary in his opening statement to the sixteenth session of the Housing Committee drew attention to the need for continuing to review carefully, as has been done regularly in the past, the work programme in the light of available resources, both of the Committee and of the Secretariat. In this connexion the Executive Secretary made a number of concrete suggestions intended to assist the Committee in their continuing efforts to concentrate their work on the most essential problems, as recommended by the Economic and Social Council and the General Assembly⁽¹⁾. The Committee "noted that the suggestions made would be reflected in a draft programme of work which the Secretariat would prepare for consideration at the Committee's next session in November 1959" (E/ECE/HOU/74, paragraph 3); this has now been done. One further consequence of the Executive Secretary's suggestions would be to wind up the ad hoc Working Party on Problems of Housing Development in Less Industrialized Countries. The practical work initiated in this field would be continued along

(1) The full text of the Executive Secretary's statement was circulated to the Committee as HOU/Conf. Room Doc. No. 41, 18 June 1958.

the lines indicated by rapporteurs, reporting directly to the Committee, so that the Committee itself could follow closely and deal with this important matter.

Two proposals for new work were put forward at the Committee's sixteenth session but no final decision was taken. With regard to the first, the Committee agreed that "consideration would be given at the next session.... to the proposal for a separate study on aspects of private financing of housing and the Secretariat was asked to indicate its possible scope and form as a basis for the Committee's examination of this possible enquiry" (E/ECE/HOU/74, paragraph 8(iv)). The second proposal concerned an examination of the problem of housing for the old-aged (E/ECE/HOU/74, paragraph 13). In view of the substantial work programme for the year 1959 as set out below, which is already in hand, and in the light of the Executive Secretary's statement, the Committee may wish to postpone consideration of these two proposals to a future session; meanwhile, the Secretariat has included both these proposals in the paper suggesting the main lines of a possible long-term programme of work which is being circulated separately under item 6 (ii) of the agenda.

Finally, attention should be drawn to the Economic and Social Council Resolution 674 (XXV) concerning the economic development of under-developed countries: Industrialization. Paragraph 3 of Part A of this Resolution requests the Secretary-General to encourage the organization of seminars, consultations and training centres on industrialization; paragraph 9 recognizes the important work being done by the regional economic commissions on this subject; and paragraph 10 requests the regional economic commissions, when giving consideration to the formulation of regional programmes of work on industrialization and productivity, to take into account the activities under the programme of work of the Secretary-General undertaken pursuant to Council Resolution 597 A (XXI). It would seem that projects 06.1.2 "Housing Problems of Less Industrialized Countries" and 0.6.1.3 "Industrialization of House-building" are partly relevant to this Resolution.

DRAFT PROGRAMME OF WORK OF THE HOUSING COMMITTEE

06.1 - Priority Projects of a Continuing Nature

06.1.1 - Survey of Housing Progress and Policies

The object of the annual Survey prepared by the Secretariat is (a) to review the main current developments in the field of housing as a basis for an annual examination by the Committee of housing policies pursued and results achieved, and (b) to consider what action might be taken to deal with problems thus analysed. Part I of the next Survey will describe and discuss the main housing trends and the principal changes in housing policies in 1958. The following problem of a more long-term character was selected for fuller analysis, with the aid of rapporteurs, in Part II of the Survey: the policies pursued and methods of preparation with regard to programmes for the clearance of dwellings unfit for human habitation, and re-housing problems, including the identification of sub-standard dwellings and improvement of the existing stock.

06.1.2 - Housing Problems of Less Industrialized Countries

The purpose of the project is to exchange information which would be useful to governments of the less industrialized countries in developing and expediting their housing programmes. In the present plan of this work, two questions of practical collaboration between the southern European countries are being examined between rapporteurs from the countries concerned; one is the prospect of developing the production of building materials, components and equipment, on the basis of a more rational division of labour between the countries concerned; and the other, the possibility of developing regional arrangements for the promotion of building research, including the dissemination of up-to-date technical information.

06.1.3 - Industrialization of House-building

A comprehensive enquiry is being carried out by rapporteurs and the Secretariat on the effects of government measures designed to promote the technological development of the building industry and reduce housing costs. The report will review the trend of costs and productivity in the different countries; analyse the structure of

demand and output; examine the organization and structure of the building industry; and discuss the technical evolution of the industry. Within the framework of this project there will be an ad hoc meeting under the auspices of the Housing Committee in June 1959, preparations for which have been assigned to rapporteurs, to consider what action could be taken by governments to promote and accelerate the practical application of standardization and modular co-ordination, and to examine its impact on trade in building materials and components.

06.1.4 - Collection and publication of housing and building statistics

The Committee, through its Working Party of statistical experts (i) advises the Secretariat on the preparation and issue of the Quarterly and Annual Bulletins of Housing and Building Statistics for Europe; (ii) examines statistical aspects of calculating housing needs and shortages and the need for other statistics relating to housing and building; (iii) exchanges information on problems of collecting current housing and building statistics. Work in this field is co-ordinated with that of the Conference of European Statisticians and of the United Nations Statistical Commission.

06.2 - Priority Projects of an ad hoc Nature

06.2.1 - Problems of Rural Housing

A comprehensive enquiry is being carried out by rapporteurs on rural housing policies pursued and results achieved, with particular reference to specific problems encountered in improving the rural housing situation and the way in which these obstacles are being met.

06.2.2 - Urban Development and Town Planning

The enquiry in hand by the rapporteurs concentrates on economic problems considered most essential in the establishment of a new residential area, especially with regard to: the location, size and nature of a residential area; the economics of land utilization, with particular reference to size, acquisition and development and the effect on building costs of the layout and density of a housing estate; and the provision of public utilities and the cost of installing and maintaining these.