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FINANCING OF HOUSING IN EUROPE

Economic and Financial Problems of Housing⁽¹⁾

Note by the Secretariat

The purpose of this paper is to survey and analyse the main factors influencing public policy in regard to the supply and financing of housing in the post-war period.

The cost of house-building

At the core of the European housing problem is the high real cost of house-building. This is not a post-war phenomenon. It existed in the nineteenth century and led to low housing standards and the proliferation of over-crowding in the urban areas. Subsequently economic and technical progress has reduced, sometimes drastically, real costs in most other branches of economic activity but house-building costs have remained more or less in isolation from this general trend. The rejection of the nineteenth century solution through the growth in public social conscience gave rise to the present-day problems in the supply and financing of dwellings.

The relative intractability of the real cost of house-building is due fundamentally to the fact that house-building has remained essentially a handicraft industry operated by small under-capitalized concerns during an era when handicraft methods generally have given way to large-scale industrialized production. The nature of house-building precludes industrialization in the form and to the extent possible in other industries but experience and experimentation has shown that conditions approximating to industrial conditions can be produced in house-building with due regard to its unique nature. Since the war there have been significant developments in most countries in improving the efficiency of the building industry but these developments have served more to

(1) The other papers on the financing of housing, which will be issued as addenda to the present document, are listed in the last paragraph of HOU/Working Paper No.59.

show the possibilities than to make substantial and general reductions in real cost. (1)

Improvement of housing standards

The problem of real cost has been increased by the steady long-term improvement in the standard of housing required. The dwellings now being erected in Europe for working-class use are significantly better in most respects than those erected a half-century ago. The long-term trend towards increasing the size of dwellings is illustrated in Table 1 which compares the size of dwellings erected in the 'twenties in certain countries with those erected in recent years. The long-term improvement in the standard of dwellings allied to the relative failure of the industry and its related professions to reduce real costs means that in most countries in Europe a working-class dwelling 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 house 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 standards of new workers' dwellings has been brought about by the requirement of public authorities that new dwellings must conform to minimum standards which have been steadily raised. This is one of the factors which has caused public intervention in the financing and supply of dwellings since the insistence on minimum standards carries the obligation to ensure that these standards are brought within the means of those who cannot unaided afford them. In the post-war period the minimum standards for new dwellings, and particularly for workers' dwellings, were improved in practically all countries as compared with pre-war standards in spite of the greatly inflated costs. The effect of these and earlier standards has been to require that low-income families wishing to rehouse themselves from very poor quality dwellings must take a big step upwards to obtain the minimum standards, or none at all, since the over-all shortage of dwellings has prevented the "filtering-up" which would occur if families moving into new dwellings were leaving vacant reasonable good dwellings.

(1) A preliminary study of measures to reduce building costs and of the development of the building industry is contained in the Cost of House Construction, ECE, Geneva, May 1953 (E/ECE/165). At present, work is in progress on a study of government policy and the cost of house-building primarily with the object of defining the possibilities of industrialization in house-building and of making practical recommendations on the subject having regard to the experience gained and the difficulties encountered in different countries.

Table 1
Changes in Size of Dwellings

Country	Year		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)	45	36	11	8
	1955	(all towns)	6	13	39	42
Finland	1920 to 1928	(all towns)	59	22	8	11
	1955	(all towns)	42	31	16	11
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
	1952	(all dwellings)	4	22	45	29
Sweden	1920 to 1928	(all towns)	39	32	14	15
	1954	(all dwellings)	21	36	26	17

Sources: - Pre-war years: Housing Policy in Europe, Studies and Reports, Series G, No.8, International Labour Office, Geneva 1930, page 53.

- Post-war years: European Housing Progress and Policies in 1955, ECE, Geneva, August 1956 (E/ECE/259) pages 9 and 10.

Most rehousing has taken place from unfit or overcrowded dwellings so that little "filtering-up" has been possible. It was sometimes argued at the time that in the post-war circumstances it would have been preferable to lower rather than to increase minimum standards so as to spread the available financial and material resources more thinly, the object being to achieve a moderate improvement in housing conditions for a large number rather than a radical improvement for a smaller number. In the social and political climate after the war, however, the provision of what would amount to sub-standard dwellings by the objective standards of the day was rejected. There was in most countries dissatisfaction with the standard of working-class dwellings erected before the war and in some countries the new standards are not even now considered satisfactory. A few countries were compelled, owing to economic and financial difficulties, subsequently to reduce standards fixed in the early post-war years. On economic grounds it seems better to build new dwellings to as high a standard as appears reasonable rather than to provide dwellings recognized from the outset as sub-standard and which inevitably will, within a comparatively short period, have to be improved, replaced, or deteriorate into slums.

The implications of the insistence by public authorities on high standards of housing are that sufficient public financial aid is given to bring the dwellings within the reach of the poorest families in need of rehousing and that the supply should be in reasonable relation to the demand. It is these contingent responsibilities which mainly create the post-war housing problems of public authorities.

The movement of building costs

The level of building costs at the end of the war in all countries was much higher than pre-war. The extent of the increase naturally varied from country to country since the increase in building costs reflected the degree of general inflation in a country. Building costs, however, were increased not only by general monetary inflation but also by structural factors. Shortages of materials and labour, particularly skilled labour, the inevitable low productivity in an industry resuming activity after a long lay-off in most countries, over-demand on the industry and a decline in productivity of building workers were the main factors operating to a greater or lesser extent in each country to push the actual costs of a post-war dwelling higher than the increase represented by changes in prices and wages. To these factors must be added the generally improved standards of post-war dwellings which served to increase further the actual costs of post-war dwellings.

In Table 2 the extent of the increase in building costs and prices is illustrated. The indices are, except in the case of the Netherlands and Switzerland, building price indices, i.e. they reflect the increases in the price of materials and in wage-rates only. They do not measure increases in actual house-building costs arising from other factors such as reduced productivity and changes in the size and quality of dwellings. The indices for the Netherlands and Switzerland are indices of the actual cost of a dwelling and thus they reflect changes in productivity, profits, overheads, etc.; in the latter case, however, changes in the quality and size of the dwelling are not reflected, whereas in the Netherlands index changes in the quality but not in size are measured. Neither of the building cost indices can be used to illustrate the extent to which actual post-war building costs were increased by structural changes as distinct from changes caused by general inflation. In the United Kingdom an analysis made in 1947 of the increase in cost of a local authority house as compared with 1938-1939 showed that decreased productivity accounted for about 15 per cent of the increased cost and improvements in the house for about 38 per cent. ⁽¹⁾

The expectation in all countries after the war was that building prices and costs would soon fall, through a fall in the general price level and through increased productivity. Up to the outbreak of the Korean war actual building costs declined in most countries. The Netherlands and Switzerland indices illustrate this. This decline, however, where it occurred, was due to increased productivity because during that period building prices continued to increase in most countries, as is illustrated by the building prices indices in Table 2. The main factors causing this upward movement in building prices were increases in wage-rates; the prices of materials tended to be stable or to fall slightly. The improved productivity reflected in the decline of actual building costs was due to improvement in the supply of materials and labour, increased general efficiency in the industry because of increased experience, and some improvement in most countries in building methods and techniques.

As a result of the Korean war the prices of materials began to increase sharply from 1950 and reached a peak in 1952. They fell again in 1953 but since then have tended to increase. Throughout the period from 1951, however, there has been a steady upward trend in building wages in common with other wages. Building prices and costs are now in all countries higher than in 1947.

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

Table 2
Comparison of the Levels of Cost of Living, Building Costs, Rent and Earnings in Selected Countries
(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	464*	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	182	195	180	199	102	107	122	191 ^{(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. These indices include rent.

The indices 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.

The indices 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.

The indices 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.
- * Secretariat estimate.

If there was an expectation that building prices and costs would soon decline after the war this was only realized for a short period. Continued inflation and the failure of the industry to offset increasing costs in materials and wages have resulted in a long-term increase in building costs in all countries. The heavy pressure of demand on the industry, full employment and the large public financial aid provided to offset high costs are factors which are not conducive to a decline in costs. The dilemma in all countries has been to find a balance between urgent social needs and the economic risks associated with large-scale publicly assisted housing programmes. Judged by the general movement and level of building costs an equitable balance does not yet appear to have been found. In all countries, more or less strict control is exercised over the costs of dwellings as a condition of public financial aid. In many countries public or semi-public bodies have engaged in the erection of dwellings, partly in order to exercise closer supervision over costs, for example, public undertakings in eastern European countries, local authorities in Ireland and the United Kingdom and housing associations in the Netherlands. In some countries close investment control has been exercised in order to limit the demand on the industry, for example, in eastern European countries, in the United Kingdom and in Norway. It seems, however, that in general, cost control as a condition of public financial aid and investment control serves only to prevent extravagances and to make marginal savings. There is in all countries a high real level of costs which is impervious to anything less than a radical change in the structure and methods of the industry. The productivity of building labour is low in all countries, in some apparently lower than pre-war, and in an era of full employment, this can be offset only by improved methods. Some countries still experience shortages of labour, particularly skilled labour, and of building materials, which not only limit the level of construction but inhibit cost reductions.

The problem of rent policy in western Europe

The problems of rent control and the development of rent policies in western European countries have been previously examined by the Housing Committee. ⁽¹⁾

- (1) - European Rent Policies, ECE, Geneva, August 1953 (E/ECE/170).
- European Housing Progress and Policies in 1953 ECE, Geneva, August 1954 (E/ECE/189) Chapter III.
 - European Housing Developments and Policies in 1954, ECE, Geneva, August 1955 (E/ECE/209) Part I.
 - European Housing Progress and Policies in 1955, ECE, Geneva, August 1956 (E/ECE/259) Chapter III.

The object of the following discussion is to summarize the results of the previous analyses and to isolate the more important aspects of these problems and developments from the point of view of the financing of housing.

The low rents of existing dwellings gave rise after the war to two kinds of problems. The first and most immediate related to the effect of low controlled rents on the rents of and subsidies for new dwellings; the second related to the more general effects of rent control on the supply of and demand for dwellings.

The economic rents of new dwellings based as they were on the increased building costs were far above the controlled rents. On social and political grounds it was clear that a reasonable relation between the old and new rents was necessary; otherwise occupants of new dwellings would be heavily penalized particularly if incomes generally remained related to a cost-of-living level based on low controlled rents. Of great significance in this connexion was the decrease brought about by rent control in the proportion of family expenditure devoted to rent. It will be seen from Table 3 that in 1947 decreases to a half of the pre-war proportions were common even in countries which avoided the inflation excesses of, for example, France and Italy. To charge rents for new dwellings which were close to the economic rents would, in view of the low proportions of income being devoted to old rents, have required a radical change for occupants of new dwellings in their pattern of expenditure, so radical as to be a severe hardship and politically impracticable. It would in fact have meant that working-class families generally could not have been rehoused and the social objectives of housing policy would have been stultified. On the other hand to bring down the rents of new dwellings to a level reasonably related to the level of old rents would involve heavy public financial assistance in the form of subsidies; this would have had to be on a scale greater than before the war not only owing to the greater number of houses required, but also the larger subsidy required in each case.

The alternative to applying heavy subsidies was to set rents free to rise to a level in keeping with the general post-war level of prices and costs. This would inevitably have had an inflationary effect on incomes and there would thus have emerged a new "norm" of rents and rent-income ratios which would bear a close relationship to the rents and rent-income ratios required in new unsubsidized dwellings. The result would have been a substantial reduction in the need for subsidies.

Table 3

Proportion of Family Expenditure Devoted to Rent

Country	Pre-war		1947	1950	1953	1955
	Year	Per cent				
Austria	1934	7.7	-	3.6	-	4.5 ^(a)
Belgium	1938	11	5.6	7.0	7.8	-
Denmark	1931	15.1	8.8	-	8.1	-
France	1928	8.1	1.3	3.0	3.4	3.7 ^(b)
Fed. Rep. of Germany	1936	13.1	-	9.2	9.8	9.2
Ireland	1938	8.3	4.8	4.6	6.1 ^(c)	-
Italy	1938	10	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	-

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 Statistics 1956.

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

(a) 1954/1955.

(b) 1954.

(c) 1951/1952.

The social and economic consequences of setting rents free, however, outweighed the advantage of saving on subsidies. This was partly due to the desire to avoid the inflationary effect on wages and prices of rent increases at a time when every effort was directed to stabilizing economies violently disrupted by the war. On social grounds it was considered that a free market in houses was impracticable because of the severe shortage of houses in all countries. On social grounds, too, it was considered in many countries that the new rent income ratios were reasonable in themselves; the pre-war ratios in those countries were regarded in the changed social climate after the war, as having been a hardship on lower-income families. The general decision, therefore, was with some modification to maintain existing rents at a low uneconomic level and to apply heavy subsidies to bring down the rents of new dwellings to a level considered reasonable in the social and economic climate of each country.

In the United Kingdom, the Netherlands and Western Germany the rents of pre-war dwellings were left unchanged in formulating the immediate post-war rent and subsidy policy except that there was a 10 per cent increase in Western Germany in dwellings constructed before 1924 and that in the United Kingdom local authorities made some increases in rents of pre-war dwellings to cover increased costs of repairs. In Western Germany the phenomenal housing shortage appears to have been the determining factor; in the United Kingdom dissatisfaction with the pre-war rent-income relationship which was a hardship on lower-income families appears to have been, together with the general housing shortage, the predominant consideration. In both cases the immediate post-war subsidy policy aimed at providing new dwellings at rents approximating to those of comparable pre-war dwellings. In the Netherlands, rent policy at the outset aimed at maintaining controlled rents unchanged. This was part of a general policy of keeping down wages and production costs generally in order to increase exports which were the key to economic recovery. Subsidy policy produced a rent level in new dwellings which was 30 per cent above pre-war rents. This gap between old and new rents was markedly unfavourable to the occupants of new dwellings as incomes generally were based on the rents controlled at pre-war levels. In Norway rents were reduced to 90 per cent of the pre-war level. This was part of an active State housing policy arising from a recognition of the pre-war lack of a

coherent socially conscious housing policy, a lack which caused dwellings that were too small and too expensive for most families to be erected. Loan and subsidy arrangements were established to bring the rents of new dwellings down to the level of the old rents. The fact, however, that the new dwellings were generally bigger than the pre-war dwellings meant that, while rent per square metre was about the same as for pre-war dwellings, the rent per dwelling-unit was usually greater. In Denmark, Sweden and Switzerland small increases in controlled rents were permitted in formulating rent and subsidy policy immediately after the war. In those countries recognition was given to the position of house owners faced with increased costs of repairs and maintenance and the increases allowed were generally aimed at compensating house-owners for these increased costs. In Sweden the increase allowed was 14 per cent (7 per cent in Stockholm). The general rent policy, however, was influenced, as in Norway, by the fact that pre-war rents were very high in relation to income and resulted in the erection of very small dwellings. Rent and subsidy policy, therefore, aimed at reducing the rent-income ratio but allowing rent increases on the principle that house owners should have reasonable maintenance costs recouped. Heavy subsidies were applied with the deliberate intention of providing new dwellings at rents equivalent to the rents of old dwellings. In Denmark smaller rent increases than in Sweden were allowed (5 or 6 per cent) to meet increased maintenance costs. Subsidy policy, however, did not aim at reducing the rents of new dwellings to the level of pre-war rents because the pre-war rent level was lower than in other Scandinavian countries. Houses built during the war had rents some 10 to 15 per cent above pre-war rents and in the immediate post-war period the rents of new dwellings were some 40 per cent higher than controlled rents.

In Switzerland, the rent control legislation provided from the outset for increases to cover increased costs, and individual increases were allowed on this basis throughout the immediate post-war period, culminating in a general increase of 10 per cent in 1950 and 1951. Subsidies appear to have been designed to bring the rents of new dwellings down to the level of controlled rents but the major subsidy, the federal subsidy, was withdrawn in 1950. In Belgium, a policy of increasing controlled rents and setting dwellings free from rent control was adopted from the outset. The general policy objective was to abolish rent control and restore a free

market as soon as practicable. This policy seems to have been influenced by the high level of post-war building costs in Belgium which, as will be seen from Table 2, had increased considerably more than in countries which found it immediately practicable to fill the gap between old and new rents by subsidies, e.g., Norway, Sweden, United Kingdom and Western Germany. The traditional housing policy in Belgium of reliance on private initiative was probably a factor which tended also to lead towards setting rents free as soon as possible. Controlled rents were doubled by statute and, under freely negotiated agreements between landlords and tenants, were allowed to increase to two-and-a-half times the pre-war level; and, in exceptional cases, through judicial action, to three times the pre-war level. Subsidies appear to have produced new rent levels appreciably higher than that of controlled rents but the policy has been to reduce the gap by increasing the controlled rents rather than by reducing the new rents through heavier subsidies. In Finland, France and Italy extreme inflation had reduced pre-war rents to nominal levels as compared with the economic rents of new dwellings based on building costs which had increased phenomenally as compared with pre-war. In Finland, however, the number of rented dwellings was small, rent-controlled dwellings being about 30 per cent of the total housing stock as compared with 60 per cent in Italy and 50 per cent in France. In both France and Italy rent policy from the outset was concerned to restore rents to a more realistic level. The larger proportion of rent-controlled dwellings in those countries gave the problem more urgency than in Finland and, by 1947, as will be seen from Table 2, rents had been increased two-and-a-half times in Italy and France whereas in Finland an increase of 37 per cent only had occurred. These increases appear to have been mainly concerned with enabling some return for increased maintenance costs to be obtained. Their connexion with subsidy policy was slight because the gap between old and new rents was so great that subsidy policy could not hope to achieve a reasonable relation between old and new rents. In France rent control was reformed in 1948 on the basis of permitting regular half-yearly increases in rents designed to produce a rent-income ratio of approximately 12 per cent of average wages within six years. The rents were based on objective standards such as size and amenities. The principle of these increases was to relate rents in the long run to the cost of new construction. Subsidy policy was not as active an issue in France as in other western European countries in the immediate post-war years, as attention was concentrated on the repair of war-damaged dwellings. It was not until after 1949

that the number of new dwellings reached significant proportions; subsidy policy appears to have been formulated independently of the level of old rents because of the highly unrealistic level of these rents even before the war. The subsidized rents of new dwellings, therefore, appear to have been very far above the rents of pre-war dwellings and to have been, in effect, unrelated to them unlike in the other western European countries already discussed. In Italy, the highly unrealistic level of controlled rents produced a situation somewhat similar to that in France. An immediate move was made to raise controlled rents with a view to their eventual increase to a relatively more realistic level. At the same time subsidy policy was determined independently and produced new rents very much higher than the old. Budgetary difficulties limited severely the amount of state financial assistance that could be given and such assistance was strictly confined to the poorest families. In Finland also subsidy policy does not appear to have been closely related to rent policy. State assistance for housing was less than in the other Scandinavian countries, and the annual charges and down-payments required from owner-occupiers appreciably higher. Information is not available concerning the immediate post-war rent and subsidy policy adopted in Austria, but rents appear to have been reduced to well below the pre-war level while building costs had increased, through heavy inflation, more than in most other western European countries.

Table 2 illustrates the effect in 1947 of the rent policies described above. The rent indices do not correspond precisely with the percentage changes already mentioned; the indices cover uncontrolled rents to a greater or lesser extent and the percentage changes referred to are often average changes with considerable variation in practice. The problem may be summarized as follows:

(i) The countries which suffered serious inflation, i.e. Finland, France and Italy began to increase controlled rents in the early post-war period because of the nominal value of the controlled rents; these rents were so unrealistic that subsidy policy was not closely related to them;

(ii) In Norway and Austria rents were reduced below the pre-war level and, in Norway, subsidy policy was deliberately framed to bring the rents of new dwellings down to the level of the old;

(iii) In the United Kingdom, Western Germany and the Netherlands the immediate post-war rent policy was to hold controlled rents to the pre-war level; subsidy policy in the United Kingdom and Western Germany aimed at providing new dwellings

at approximately the same rent as the old but, in the Netherlands, subsidies produced a rent level in new dwellings some 30 per cent above the level of old rents;

(iv) In Sweden, Denmark and Switzerland small rent increases were allowed; subsidies in Sweden and Switzerland appear to have bridged the gap between new and old rents but in Denmark rents of new post-war dwellings were fixed at some 40 per cent above controlled rents;

(v) Belgium alone of the western European countries which escaped serious inflation had a policy from the outset of setting rents free as soon as practicable; subsidy policy appears to have aimed at reducing the gap between old and new rents by increasing the old rather than by applying particularly heavy subsidies.

In western European countries generally the immediate post-war rent policy, where it did not provide for rent increases, was a somewhat uneasy policy if only because of the pressure from house owners whose returns were so drastically reduced during a period of heavy inflation. Based as these economies were on the principles of private enterprise the claims of house owners could not be permanently disregarded. Rent policies, moreover, were conditional on the general behaviour of costs and incomes. If these remained stable or declined, less stress would be placed on rent policies designed to keep controlled rents at a low level. In practice, as has been shown, building costs in the long run have risen and, as is illustrated in Table 2, incomes have risen concurrently. It seems probable that on the whole housing subsidy policies after the war in western European countries were framed on a basis of immediate expediency, given the need to provide houses as quickly as possible at rents closely related to the existing rents of old dwellings. Subsidy systems tended therefore to be designed on the basis of existing costs and incomes. On the other hand, Norway and Sweden made specific provision in their subsidy systems for the eventuality of costs and incomes changing in the future. In both countries recipients of state subsidies could be required, if the general level of incomes increased, to bear increased charges in reduction of state subsidies already given. In the United Kingdom and in Ireland a less specific insurance against the need to adjust subsidies already fixed to higher income and cost levels was embodied in the subsidy system for local authority housing. Local authorities were free to increase rents but in practice, even if prepared to increase rents, they would tend to ensure that the increases did not result in a

reduction of state subsidies already being received. Furthermore, in both these countries local authorities were unlikely to increase rents as long as controlled rents generally were kept at low levels. It is apparent, therefore, that the immediate post-war rent and subsidy policies, fixed in general as they were on the basis of existing costs and incomes, began to be subject to severe stresses as a result of the failure of costs to remain stable or to decline significantly. In the long run both costs and incomes rose and the foundations of rent and subsidy policies as originally fixed accordingly shifted.

Another aspect of the effect of low controlled rents on subsidy policy is that it was necessary not only to narrow by subsidy the gap between new and old rents for the poorer families, but to do so also for the bulk of the population where possible. Controlled dwellings were occupied by persons of every class, and all classes in the community, therefore, irrespective of their means were accustomed to a rent norm based generally on the same low average.⁽¹⁾ If the demand for new dwellings which existed among all classes was to be made effective, subsidies had to aim at reproducing a general average level of new rents corresponding to that existing in controlled dwellings and bearing a tolerable relationship to it. To relate subsidies closely to financial need and to concentrate them on the poorest families would have involved so radical a change in rent-paying habits for the better-off families as to have reduced their demand for new dwellings and caused social and political difficulties. Subsidy systems, therefore, as designed after the war, tended to be general in application and not related to differences in financial circumstances, and this tendency seems to have been related to the low level of controlled rents. Such subsidy systems can be said to have been wasteful in some directions and to have placed a burden on public funds which in the long run cannot easily be carried; on the other hand they have not always perhaps adequately served the main purpose of a housing subsidy, which is to ensure that no family is prevented through lack of means from obtaining adequate accommodation. In a few countries, however, the gap between old and new rents was so great and public financial resources so limited that a less general subsidy policy was followed. Housing output in such countries tended to fall short of requirements.

(1) Inflation had reduced pre-war differences to fairly nominal amounts.

Apart from its repercussions on subsidy policy, the maintenance of old rents at a level below the general level of prices and building costs created certain problems in itself. It was evident that the maintenance of low rents would tend to create a demand for new dwellings, as tenants would be encouraged to remain in dwellings larger than their needs. In a free market with rents more closely related to the size and amenities of dwellings it seemed reasonable to expect that accommodation would tend to be better distributed. It was difficult, however, to find quantitative evidence of the over-all effect of rent control in misallocating dwelling-space and of the result, from the point of view of demand for new dwellings, of setting rents free. Rent control was not the only factor causing misallocation of dwelling-space. Increased real incomes, the shortage in particular areas of dwellings of a particular kind, e.g., small dwellings suitable for old people or childless couples, and the desire or necessity to live in a particular area were all factors making for misallocation of dwelling-space, which would exist even in a free rent market. The immediate post-war demand for new dwellings was seen in all countries to arise from population growth, internal population movements, and from the need to replace unfit dwellings coupled with a backlog of arrears through failure in the past to keep pace with population growth or movement. Examples, however, were to be seen in every country of misallocation of dwelling-space believed to be due to rent control and it was inevitable in the long run with the removal of gross housing shortages that rent policy would be reviewed on this score. It is probable, however, that the effect of rent control on the utilization of dwelling-space was due more to the diversity of controlled rents than to the low general average of such rents. Controlled rents tended to be at different levels, mainly depending on the date of construction, and this in itself prevented a uniform market in controlled dwellings which might have gone far to offset the rigidity imposed on tenancies by the low general average of rents. The controlled rent tended to be minimum rent and thus a tenant wishing to move from a large to a smaller dwelling would often find that the rent in the latter was higher.

Rent control was also considered to be a hindrance to mobility of labour, as workers would be reluctant to take a new job too far from their homes. This caused difficulties in the Netherlands, but not in Belgium where the railway system facilitated commuting to and from work. Here again other factors operated to reduce mobility of workers, particularly the existence of local housing shortages. The concentration of housing policy in some countries on meeting the most urgent

needs represented by overcrowding and unfit dwellings, hindered the provision of dwellings for workers coming into an area to work in new factories.

The problem of maintenance appears to have bulked largest in the shaping of immediate post-war rent policies. Where rents were raised the increases were generally designed to compensate landlords for higher maintenance and repair costs. These increases appear to have been given, however, on general principles since it is difficult to show conclusively that controlled dwellings were suffering serious deterioration through lack of maintenance. There appears to be in all western European countries a legal obligation on landlords to maintain dwellings in a reasonable state of repair, though this is hardly sufficient to ensure against a gradual and persistent neglect which in the long run would seriously shorten the life of a dwelling. Serious immediate deterioration is more likely in the older dwellings but even with free rents the expense of repairing many such dwellings would present a grave problem. Maintenance was perforce neglected in most countries during the war, and post-war deterioration of dwellings could be due to that as much as to rent control.

The problem of preventing the deterioration of the existing housing stock led to the granting of special subsidies in most countries for the reconditioning of dwellings, and the burden of such subsidies was in itself a factor tending to give prominence to the effect of low rents on the standards of maintenance.

A further aspect of rent control which caused concern was the effect it had of redistributing income from landlords to tenants. This might in general have been the effect of a system of taxation and subsidy designed to redistribute income, but rent control was an inequitable way of doing so as it took no account of individual circumstances. Rent control was also inequitable as between one tenant and another as rent was discriminated on a basis which had no relation to the individual circumstances of tenants.

The failure of private enterprise to continue its nineteenth century role as the main provider of rented dwellings for all classes necessitated public intervention to supply and finance rented dwellings. Rent control alone, however, was not the sole factor causing the withdrawal of private enterprise from the field of housing, particularly, working-class housing. The long-term rise in the real cost of working-class housing made it impossible for private investors to provide dwellings within the reach of working-class incomes. If the main purpose of housing policy was to ensure that housing was brought within the reach of all

classes, the public supply and financing of working-class dwellings was accordingly inevitable. Private enterprise would hope to supply rented dwellings only for the better-off classes. In a free market such rented dwellings would be an economic undertaking, but here the knowledge that rent control would be re-introduced in a period of further heavy inflation was a deterrent. More important, however, was probably the presence or absence of a public policy and the necessary institutions designed to encourage and facilitate owner-occupation. In many countries, such as Belgium, Ireland, the Netherlands and the Scandinavian countries, subsidies designed to encourage owner-occupation were given to classes for whom private enterprise could have economically provided rented dwellings. While some of these countries may have also provided subsidies for privately erected rented dwellings, the down-payment required for owner-occupation was not sufficient to offset the attraction of paying a rent which led to ownership instead of a rent which gave only a tenancy. On the other hand in Switzerland, where no subsidies (other than cantonal subsidies) are given, nearly 90 per cent of the dwellings being provided are privately-erected rented dwellings. The type of dwelling being provided is, of course, an important factor as owner-occupation is more feasible where one-family-house development rather than flat development is practicable because of demand or because of limitations of space. In Switzerland also, rent control has been based on the principle that the landlord is entitled to reasonable coverage of charges. Other factors unconnected with rent control which reduced the interest of the private investor in the provision of rented dwellings were the decline in personal fortunes and the desire for a greater liquidity in investments.

While, therefore, the effects of rent control on the conditions of the dwellings subject to it and on the housing situation generally were not normally as deleterious as advocates of free rents would have urged, these effects were undoubtedly felt in some degree in all countries and rent policy remained a controversial subject. The difficulties in maintaining the early post-war policies became more acute according as the general level of costs continued to rise in the long run and the gap widened between old rents and new economic rents with consequent pressure on subsidy policy. The problem was whether to maintain the original relationship between old and new rents by either increasing old rents or maintaining the real value of subsidies or whether to change the relationship. A factor of great significance in this context was the increased real earnings by workers throughout the post-war period as illustrated in Table 2. The situation,

therefore, was that in most countries workers in general tended to be able to afford to pay more for their dwellings than was represented by the rent levels produced immediately after the war by rent control.

Table 2 shows that the rent policy in force immediately after the war underwent little change up to 1950. Rents in Austria, Finland, France and Italy where policy from the outset aimed at raising rents from the nominal levels brought about by heavy inflation rose appreciably between 1947 and 1950. In Belgium the effect of the policy of increasing rents and freeing dwellings from control is reflected in a rise in the level of rents to two-and-a-quarter times the pre-war level. The index numbers of rent show little change in the other countries, except in Denmark where a rise of 11 per cent over the pre-war level is apparent. This was due not to any change in policy but to provision in certain cases for higher increases, on account of repair costs, than the general percentage increases allowed.

There appear to have been adjustments in subsidy policy in some countries during that period but on the whole changes were not great because, as has been seen, while building prices generally increased actual building costs tended to decline or remain stable due to increased efficiency in the building industry and an improved supply of materials and labour. The real pressure on rent and subsidy policies developed with the significant increases in building costs from 1950 due to the Korean War.

In the Netherlands controlled rents were raised by 15 per cent in 1951 in order to compensate landlords for the increased repair costs. As this increase was accompanied by taxation reductions in accordance with the policy of restraining wage increases, the tenants of new dwellings who were paying rents 30 per cent higher than pre-war had their rent burden eased somewhat. In 1954 a further increase to an average of 141 per cent of the pre-war level was made in controlled rents. This was the result of a further rise in incomes and building costs and a growing gap between new and old rents. The increase on this occasion was higher in the rural areas than in the towns as wages and building costs had increased more in the rural areas than in the towns. To compensate for these rent increases, wages were increased by 5 per cent, pensions were increased and taxes reduced. It was expected that these rent increases would enable dwellings to be kept in proper repair. Rents were again increased in 1955 by 5 per cent and a further increase in 1957 seems likely. The pressure of increased building costs in 1951 was also felt as regards subsidy policy and the real value of subsidies was reduced, resulting in

the rents of new dwellings erected after 1951 rising to 45 per cent above the pre-war level. The rents of new dwellings erected before 1951 were 30 per cent above the pre-war level. The real value of subsidies appears to have continued to decline after 1951 with increasing building costs; in 1955 it was stated that the rents of the newest houses were about 180 per cent of the 1940 level.⁽¹⁾ By February 1957 the rents of the newest dwellings were stated to range from about 250 per cent of the 1940 level for fully assisted houses to approximately 350 per cent for partly assisted housing,⁽²⁾ depending on the kind of subsidy given, the region where the dwellings are built, as well as on the method of execution. Little further change occurred in the rents of pre-war dwellings, which were stated in February 1957 to be on the average 150 per cent of the pre-war level.⁽³⁾ Due therefore to variations in building costs and annual charges and to successive reductions in the real value of subsidies, rent in post-war dwellings in the Netherlands have diverse rent levels ranging from 130 per cent to 350 per cent of the pre-war level.

In Western Germany, the rents of pre-war dwellings were held at the pre-war level until 1955, when increased building costs were considered to justify increases ranging from 10 to 20 per cent. A significant factor in regard to these increases was that it was calculated that the average increase in monthly rent per dwelling might be of the order of 1 per cent of the average monthly income of a worker but that recent increases in real wages appeared to have been almost sufficient to balance the effect of this increase in rent income relationship.⁽⁴⁾ To prevent hardship, however, provision was made for special rent allowances to tenants of low income. In practice, applications for such allowances were relatively few. The present average level of these rents is 22 per cent above the pre-war level. Subsidy policy has varied somewhat more than rent policy. After

(1) "The Housing Programme in the Netherlands", Ministry of Reconstruction and Housing, Information Department, The Hague, September 1955.

(2) Official information supplied.

(3) Official information supplied.

(4) W. Fey: "Die Wohnungsmiete im Rahmen des gesamten Verbrauchs", Bonn, 1954.

1949, the policy of bringing the rents of new dwellings to approximately the same level as pre-war rents was modified. Increased costs caused the rents of new dwellings to rise from 1949 even though housing standards were reduced somewhat. In 1953, subsidy policy was designed to produce a standard rent of DM 1.10 per m² per month rising in special cases to a maximum of DM 1.43. In 1954 the average rent for new dwellings under the social housing scheme was DM 1.08; in 1955 it was DM 1.14 and in 1956 it is estimated to have been DM 1.20 to 1.30. The Second Housing Act of July 1954 abolished the standard rent for all dwellings to be built after the 31 December 1956 with public assistance and the rents of such dwellings are allowed to cover current expenses. Several Laender have limited the maximum of such rents to DM 1.65 and all Laender fixed the rent at DM 1.20 for lower income groups.

In the United Kingdom the rents of private pre-war dwellings remained unchanged until 1954, when legislation was enacted to permit significant increases to cover increased costs of repairs. An increase was conditional on the dwelling being in good repair and was subject to a maximum increase of twice the pre-war rent. In practice, the provisions of this legislation were availed of only to a limited extent. Concurrently, local authorities were encouraged to increase the rents of their old dwellings. Legislative proposals now before Parliament provide for a radical revision of rent policy. About 800,000 rented dwellings will be freed from rent control as will all owner-occupied dwellings. About one-third of the housing stock will remain subject to rent control as compared with 70 per cent at present. In England and Wales new rents of from two-and-one-third to one-and-one-third times the current gross value (i.e. the estimated 1939 free market rental value) will be permitted, depending on repair liabilities of landlord and tenant and subject to certain transitional limitations. In Scotland a different arrangement operates, by continuance and extension of the increases provided for by the 1954 Act: the maximum increase will be raised from 40 to 50 per cent of the 1954 gross rent which includes owner's rates. The changes in rent policy appear to have been influenced by concern for the upkeep of rent-controlled dwellings in the face of increasing repair costs and by the desire to encourage the conversion of the larger under-occupied dwellings into smaller dwellings. The current legislative proposals appear also to be closely connected with recent changes in subsidy policy which have the effect of concentrating subsidies on particular needs and requiring more realistic rent levels in local authority dwellings provided for general needs. It

has been noted above that subsidy policy immediately after the war aimed at providing new dwellings at rents which were approximately the same as pre-war rents. Rising building costs, however, soon reduced the real value of subsidies in spite of higher subsidies and new rents tended to be at higher levels from year to year until by 1953 they were about 50 per cent above the pre-war level. Further variations appear to have occurred in new rents up to 1955 due to variations in building costs and interest rates. In 1955, a major change occurred in subsidy policy whereby in England and Wales the state subsidy for local authority dwellings was substantially reduced except in special cases, such as the rehousing of slum dwellers. In 1956 this reduced state subsidy for local-authority dwellings erected for general needs was abolished. The effect of the variations in the real value of state subsidies throughout the post-war period can be modified by local authorities who are empowered to pool housing subsidies and apply them over their entire housing stock. On the whole, local authorities do not appear to have gone far to equalize rent burdens in this way but the increasing attention being given in government statements to the need for such action (and the projected increases in private rents) should lead to greater equalization of rents on a level more in keeping with current costs and incomes. Hardship in particular cases is avoided by differentiating rents on an income basis. Under the pressure of rising costs and incomes, therefore, subsidy policy aimed at a general low rent level irrespective of individual means has given way to a more selective subsidy policy designed to encourage slum clearance and a closer relation between rent and rent-paying capacity.

In Norway, where as has been seen the rents of pre-war dwellings were reduced to a level below the pre-war level, rent policy remained unchanged until 1954 when the rents of pre-1930 dwellings were brought back to their pre-war level. Certain other minor increases were allowed related to increased repair costs. Of western European countries for which rent indices are available, the index for Norway shows the smallest increase in the post-war period, although the indices of cost-of-living, building prices and hourly earnings have risen as much as in other countries. The policy generally has been to hold the rents of pre-war dwellings at the pre-war level. The effects of this policy are causing increasing concern, particularly, the effects it is believed to have on the demand for new dwellings. A great many houses designed for two flats have been transformed into one-family dwellings

because, it is believed, of the low rent level. It has proved difficult, however, to work out a new acceptable rent policy which would take account of the political and social considerations, the effects of rent increases on the general price level and on wages and on taxation policy. Subsidy policy has departed under the stress of increasing costs and interest charges from the original post-war policy of providing new dwellings at pre-war rents. Public loans have been maintained at an unchanged interest rate of 2.5 per cent since 1946 in spite of a rising market interest rate since 1950; the yield on long-term state bonds since 1955 has been between 4 and 4.5 per cent. The public housing loans, therefore, have been carrying an increasing subsidy element. Capital subsidies have remained unchanged in the post-war period. Rents of new dwellings have, however, increased due to increased building costs and due to the increased charges for subsidiary private loans. Rents of dwellings financed in recent years with public loans lie from 30 to 40 per cent above the rents for comparable dwellings erected just before the war. Legislative proposals now before Parliament provide for important changes in subsidy arrangements whereby the interest made on public housing loans will be raised by 1 per cent. This increase will be compensated for by increased provision of interest-rebates to families with two or more children. It is expected that families with three or more children will not have to pay increased rents and some may have their rents reduced; families with two children who have not hitherto obtained interest rebates will pay reduced rents. Households with not more than one child will pay increased rents. The interest-rebates must be partly paid by the municipality but their introduction is at the option of the municipalities; the effects of the changes would depend, therefore, on the decisions of the municipalities. Under the proposed changes the capital subsidies will be subject to amortization (but not interest payments) starting ten years after the subsidy was paid. The general tendency of the changes appears to be towards increasing the charges for new dwellings while protecting families with two or more children from immediate increases.

In Sweden, where rent policy is influenced by the fact that pre-war rents were extremely high compared to income, little change occurred in rents until 1955. Increases were then allowed in the rents of dwellings built before 1942; the increases were 9 per cent in and around Stockholm and 14 per cent elsewhere. For privately financed dwellings erected after 1942, increases from 7 to 10 per cent in the Stockholm area and from 9 to 14 per cent elsewhere were allowed. Generally the

rents of pre-war dwellings are now about 20 to 25 per cent above the pre-war level; in spite of a threefold increase in nominal wages since the war the rent of a modern pre-war flat of four rooms still takes almost 20 per cent of the wages of an adult male worker. The foregoing rent increases were granted in accordance with the policy of covering reasonable costs due to increased building costs or interest rates. Owing to the high level of controlled rents in relation to income, subsidy policy has throughout the post-war period kept the gap between new and old rents extremely low. After 1947 new rents were about 5 to 15 per cent higher than pre-war rents; with the increase in building costs due to the Korean War subsidies were increased but nevertheless rents rose somewhat. These increased subsidies were subsequently reduced and are to be withdrawn in 1957. The reduction of subsidies has largely been offset by cost reductions due to rationalization of the building industry. Rising interest rates were allowed to penetrate to house-building only to a limited extent; thus the degree of subsidy for new dwellings has increased in recent years. The economic rents of new dwellings would be at least 50 per cent higher than the subsidized rents. The growing burden of maintaining the real value of subsidies in the face of high interest rates and general inflationary tendencies led to the appointment of a governmental committee, in 1955, to consider the possibilities of reducing or abolishing subsidies designed to create a general low rent level and of increasing special subsidies for people most in need of state loans, and the abolition or reduction of capital subsidies. The reduction of the general subsidy by increasing the interest rate on state loans would also affect existing dwellings; the changes suggested would increase rents by 15 per cent immediately and by another 5 per cent in 1959. The committee considered that the rents of pre-war dwellings would also have to be raised because of rising interest rates. The effect of the recommendations on the rent-income relationship was not regarded as unreasonable in view of the level of incomes now generally attained. In place of general subsidies, the committee recommended increased subsidies for families with children, but these would not be sufficient to prevent increased rents for new dwellings. Further recommendations were designed to increase down-payments for dwellings. The general effect of the recommendations of the committee would be, if put into effect, to raise the rents and charges for new dwellings in varying degrees, depending on the circumstances of each family, and the justification for this is seen in the growing burden of maintaining a general very low rent level unrelated to individual circumstances in the face of rising interest rates, growing

inflationary tendencies and increasing incomes.

In Denmark the pressure of rising repair costs in 1951 caused further increases of up to 10 per cent to be allowed in the rents of pre-war dwellings where the landlord was responsible for repairs. In 1955 successive increases rising from 15 per cent to 23 per cent by 1957 were authorized for pre-war dwellings. These increases were considered necessary in view of increased repair costs. Where the tenant agrees to be responsible for internal repairs, the increases are reduced by 12 per cent. Where the landlord is responsible for internal repairs, a special repairs account was established for each dwelling, into which the landlord was required to pay 10 per cent of the 1939 rent. Somewhat smaller increases were authorized for dwellings erected before 1890 and for dwellings erected between 1939 and 1948. In the case of the older dwellings, if the rent increase due to improvements is expected to exceed 50 per cent of the 1939 rent permission must be obtained to carry out improvements. This permission may be refused if the work is deemed unwarranted having regard to the situation, nature and other conditions of the dwellings. The increased rents may be seen, therefore, as an attempt to improve the maintenance of controlled dwellings with safeguards to ensure that repairs are carried out and that unwarranted repair of obsolete dwellings is not availed of to increase rents. As a result of these increases, the rents of pre-war dwellings are now from 25 to 30 per cent above pre-war level. The real value of subsidies in Denmark appear to have been maintained up to 1955. Until then rents of new dwellings varied considerably between different categories since the subsidy system combined general subsidies with special subsidies for low-income families but the rents in the social housing sector appear to have been some 40 per cent above the rents of pre-war dwellings. In 1955 the system of subsidy was changed under the pressure of increased interest rates and high building costs. The interest rate on state housing loans was raised from 2 to 6 per cent, the market rate for state loans. Annual capital subsidies fixed per square metre of gross floor space up to a maximum dwelling-space of 85 m² were introduced as compensation. The method of calculation of the capital subsidy was designed to give an incentive to reducing costs. Where costs were kept low the capital subsidies sufficed to offset the increased loan charges but in other cases rents rose. A higher initial investment was also required from owners. Dwellings in the social housing sector are now about 60 per cent above the rents of pre-war dwellings. A new category of semi-subsidized dwellings was also introduced in 1955. These receive less subsidy than

the ordinary subsidized dwellings and a high investment by the owner is required. The dwellings are larger and have correspondingly higher rents than the ordinary subsidized dwellings. The general effect of the changes in subsidy arrangements was to increase rents and charges generally for new dwellings, to remove the growing burden of providing low interest loans when interest rates were rising and to introduce a better incentive to reducing costs by fixed annual capital subsidies. A feature of state housing loans in Denmark is that amortization is not required until the annual capital subsidies cease, which will be by 1971. Repayment of the loans will then commence and rents will rise sharply.

In Switzerland, rent policy envisages the gradual abolition of rent control. In accordance with this policy the area of rent control has been reduced and rent increases allowed but in general the increases have been relatively small. It was originally intended that rent control would be abolished in 1956 but it has been prolonged until 1960. In 1954 a general increase of 5 per cent was allowed. No further increases are foreseen for the present because rents are already higher in relation to income and further increases would cause social and economic difficulties. The federal subsidy for low-cost housing was withdrawn in 1950 and subsidies are available now only from the cantonal authorities in a few areas. The rents of new dwellings generally are considerably higher than the rents of pre-war dwellings. In a report of the Federal Price Control Commission in 1956⁽¹⁾ it was shown that the average annual rent of four-room dwellings erected in 1955 in Zurich was fr. 2,857 as compared with an average annual current rent of fr. 1,460 for a similar dwelling erected before 1940. The general conclusion of the Commission was that the rents of new dwellings were too high for low-income families and that public financial aid was clearly required to provide dwellings at reasonable rents.

In Belgium, the rents of pre-war dwellings have steadily risen and the area of rent control has progressively decreased in accordance with the policy of returning to a free housing market as soon as possible. By 1954 rent control extended to only 10 per cent of the housing stock as compared with 35 to 40 per cent in 1951. It is expected that rent control will end in 1957. No specific measures were taken to compensate tenants for rent increases nor was any proportion of the increases taxed away. The rents are high in relation to income. The average rent of tenanted houses amounted in 1954 to between 18 and 19 per cent of an average working-class income; one-quarter of rents were below about 10 per cent of average income, one-quarter above 23 per cent, while half the dwellings had rents below

(1) "L'encouragement à la construction de logements économiques", Berne, 1956.

15 per cent. In the large cities rents were about 20 per cent above the national average.⁽¹⁾ Subsidy policy does not appear to have varied greatly throughout the post-war period. Contrary to the trend in other countries building costs declined substantially between 1950 and 1955. This decline, however, took place from a particularly high level of building costs. Falling costs reduced the pressure on subsidy policy experienced in other countries; interest rates have risen in recent years and the rents of new dwellings appear to have risen as a result. The fact, however, that the rents of old dwellings have been steadily rising has reduced the need to offset increased interest charges by increased subsidies. While the gap between new and old rents appears to have been considerable in the early post-war years, that gap has now been narrowed to small proportions. More recent dwellings probably still have rents considerably above old rents but this gap will also be reduced in time. Largely owing to an unchanged level of subsidies, diverse rent levels appear to exist for post-war dwellings.

In France the policy of raising rents from the nominal level reached through rent control and heavy inflation has continued throughout the post-war period. The half-yearly increases provided for in 1948 have continued and were extended in 1951 until such time as a return of 4.25 per cent on replacement cost of house property will have been produced. The provision in the 1948 legislation for rent allowances to avoid hardship where rents varied from a certain proportion of the "average wage" in an area, resulted in heavy expenditure on allowances since the "average wage" was a notional wage calculated officially and in practice left unchanged in spite of increasing incomes. From 1953 the calculation of rent allowances has been based on the minimum legal wage. Although rents have risen to about twelve times the pre-war level they still take only about 4 per cent of family expenditure. To accelerate the upward movement of old rents, rents may be raised to correspond to the cost of new building on changes of tenancy and higher rents than normal may be charged by agreement between landlords and tenants where a certain proportion of the rent can be proved to have been spent on repairs. Owing to the extremely low level of controlled rents and budgetary difficulties subsidy policy in France has produced rent levels in new dwellings very far above the level of controlled rents. The bulk of the new dwellings appear to be beyond the means of low-income families. Information is not available to show the precise relationship between new and old

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

rents nor to show the extent to which changes in the real value of subsidies has produced diverse rent levels in new dwellings.

In Italy, the situation has been somewhat the same as in France. Controlled rents have risen from their nominal post-war level but still require less than 3 per cent of the expenditure of low-income families. In 1955, legislation provided for an annual cumulative increase of 20 per cent in controlled rents. Throughout the post-war period dwellings have been freed from control on changes in tenancies and this has contributed significantly to the rise in old rents. By 1964 it is expected that controlled rents will represent about 5.4 per cent of family expenditure. The majority of new dwellings are unsubsidized and are beyond the means of low-income families. Information is not available to show the extent to which the real value of subsidies has been maintained in the face of increasing costs and incomes, nor the extent to which post-war dwellings have had diverse rent levels.

In Finland the policy of raising controlled rents to realistic levels has continued. In 1954, rent control was abolished in a large number of areas. In 1955, increases of 25 per cent for pre-war dwellings and increases of from 3 to 23 per cent for dwellings erected between 1939 and 1948 were decreed. Free negotiation of higher increases was also allowed. As has been noted above, the area of rent control in Finland has been much smaller than in France and Italy and the social and economic consequences of relaxation of rent control, therefore, less serious or widespread. The construction of new dwellings has been at a relatively high level but because of high rents and high down-payments they have been too expensive for the lower-income families. Public loans and subsidies have been limited and over 80 per cent of investment in dwellings comes from private sources at high interest rates which are normally from 8 to 10 per cent. The high output of dwellings has been possible only by building small dwellings and, particularly in the rural areas, by owner-occupiers cutting the timber and doing much of the work themselves. Owing to the limited amount of public financial assistance to housing, the impact of changing costs and incomes on subsidy policy has not been as great as in countries where housing represented a heavy public financial responsibility.

The effect on rent levels of the various developments in rent policy outlined is illustrated in Table 2. The significance of the rent increases that have occurred can be better seen from Table 4 which shows the ratio between the cost-of-living index and the rent index in the various countries.

Table 4
Ratio in Various Years Between Rent
and Cost-of-Living 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	1.55	1.56	1.49
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.

Between 1947 and 1953 the disparity between rents and the general price level was narrowed in those countries where the original disparity was greatest because of serious inflation, i.e., France, Italy, Finland and Austria. Apart from these countries, only in Belgium and Western Germany did the ratio between rents and the cost-of-living narrow in the period. Between 1953 and 1955, however, the ratio between the rent and cost-of-living indices declined in all countries, except in Austria where it increased and in Denmark and the United Kingdom where it remained stable. In both the latter countries further rent increases are planned to take effect in the near future. There is a growing tendency to raise rents higher than the level required to keep pace with building costs. It is difficult to assess the effect on the rent-income relationship of the rent increases that have occurred. Table 3 contains particulars that are available for a number of countries of the average proportion of family expenditure devoted to rent in the post-war period.

The significant decrease in each country as compared with pre-war in the proportion of family expenditure devoted to rent immediately after the war has already been noted. The available figures indicate that the proportions have not changed much during the post-war period though a general tendency to a somewhat increased proportion is evident. This is probably true on average of pre-war dwellings as rent control policies appear to have been activated by genuine social considerations. The tendency, however, to allow general increases in controlled rents could cause hardships to pensioners and other persons who have not shared in the general rise in incomes unless special measures are taken to assist them. It has been seen that in Western Germany a special fund was created to alleviate individual hardships caused by rent increases though, in practice, the demand on the fund was limited. In France special rent allowances are also payable where income is lower than the minimum legal wage but the rent-income relationship is, in any event, extremely low in France.

The figures contained in Table 3 relate in many cases to total population and, therefore, conceal the position in regard to the lower-income families where the proportion of family expenditure devoted to rent is normally higher than for better-off families. For example, Table 3 indicates that the proportion in Belgium in 1953 was 7.8 per cent for the total population; it has been noted above that the average rent of tenanted dwellings was estimated to represent between 18 and 19 per cent of the average working class income in 1954. Even where the figure in Table 3 relates to working-class incomes, as in the case of Switzerland, there may be considerable variations from the average depending on the size of the dwelling and the income of the family. The report of the Federal Price Control Commission⁽¹⁾ in Switzerland shows that in 1955 the rents of pre-war dwellings in urban areas represented from 10 to 18 per cent of the wages of skilled workers and from 12 to 21 per cent of the wages of unskilled and semi-skilled workers. In general, however, the available evidence suggests that the increases in the rents of pre-war dwellings in western Europe have not imposed undue hardship on low-income families taken as a whole but that hardship may be caused where income is particularly low or the size of family is such as to require a larger than average dwelling.

(1) "L'encouragement à la construction de logements économiques", Berne, 1956.

Rent policies in eastern European countries

Rent control and inflation had the same effect on rents in eastern Europe as in western Europe. In Czechoslovakia rent before the war represented 8.4 per cent of family expenditure, by 1947 the proportion was reduced to 3.3 per cent.⁽¹⁾ In Yugoslavia the corresponding decline was from 26 per cent to 9 per cent in 1949.⁽²⁾ In the USSR in 1933 rent for dwelling-space represented 10.4 per cent of the income of a wage earner;⁽³⁾ in 1955 the proportion was 1.5 per cent according to official information supplied or 4.2 per cent if services are included. Similar reductions occurred in the other eastern European countries.

In the post-war period, the typical rent system in eastern Europe has differed profoundly from that in western Europe. In the first place, all rented dwellings in eastern Europe whether privately or publicly owned have a uniform rent prescribed by the public authorities. Secondly, this rent includes an extremely low payment for dwelling space, which is not sufficient to amortize the capital value or give any return on capital. Thirdly, the payment for dwelling-space is usually too low to cover operating costs including maintenance and repair. Finally, additions to the basic rent are made for services and amenities, often on an economic basis.

In the USSR the rent system has been unchanged since the 'twenties. Rents were fixed by the local authorities according to a formula related to the size and amenities of the dwelling and the income and occupation of the tenant. A standard range of from roubles 0.35 to 0.44 per square metre of dwelling-space per month was prescribed and local authorities were empowered to fix a local basic rate within that range. Specified deductions are made from the basic rate for inferior location or lack of services and amenities. Where services are particularly good, additions may be made to the basic rate to amortize the value of these services subject to a maximum addition of 10 per cent. The rent per square metre arrived at following these reductions or additions is subject to further variations in accordance with the personal circumstances of the tenant. Wage-earners pay more or less than the basic rate according to income limits subject to a minimum of roubles 0.055 and a maximum of 1.32 per month per square metre of dwelling-space; the maximum is payable where income is roubles 450 per month or more. Tradesmen and other non-labouring categories may pay higher rents up to a maximum of roubles 4.40/m²/month. A further factor in calculating rents is that a norm of dwelling-space per person is fixed and dwelling-space occupied in excess of that norm often

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

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

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

carries a higher rent of from two to three times the basic rate. With the rise in incomes since the 'twenties it is probable that the rents of most wage earners are now calculated at the maximum rate of roubles $1.32/m^2$ /month.

Rents systems somewhat resembling the system in the USSR were adopted in the post-war period in eastern European countries. In Poland, the system of rent is based on a nominal sum per square metre together with a sum for general charges such as lighting courtyards and removal of rubbish and a sum for special charges to meet the actual cost of special services such as heating, hot water and lifts. Rents for wage-earners who comprise 90 per cent of the non-agricultural population are lower than for better-off tenants. Wage-earners in new dwellings pay a monthly rent of groszy 4 to $5/m^2$ while better-off tenants pay from zlotys 2.40 to $3.60/m^2$. The actual rent paid depends on the size, amenities and location of the dwelling. Wage-earners in new dwellings pay from groszy 55 to $83/m^2$ /month for general charges. The rents of pre-war dwellings are somewhat less than these rents, which together with the general charges referred to amount to 1.5 to 2 per cent of the average wage-earner's income. In Yugoslavia, rents of pre-war dwellings were reduced after the war to 50 per cent of the pre-war level. Rents in the larger cities included the cost of garbage collections, lighting of staircases and other minimum services. Separate payments were made for special services such as lifts and central heating. In small towns rent usually included payment for use of the premises and taxation, communal services being charged directly to the tenant. In Bulgaria, the average rent is leva $18/m^2$ /year, which represents about 7.5 per cent of the annual income of an average wage-earning family.

In western Europe it has been seen that the misallocation of dwelling-space and the danger of inadequate maintenance were regarded as the two main defects in rent control. In eastern European countries strict allocation of dwelling-space in accordance with accommodation needs was enforced and it is unlikely that the demand for new dwellings was exaggerated, as it probably was in western Europe, by under-occupation of existing dwellings. In the USSR the higher rent charged for space in excess of a fixed norm was a further deterrent to over-occupation of dwelling-space, though this deterrent waned with the decline in the real value of a rent fixed in the 'twenties. The basing of all rents on a uniform basis related to income facilitated transfer from one dwelling to another, though differences in rents remained due to differences in amenities and services and imposed some limitation on equitable transfers.

The rent systems in eastern Europe, however, accentuated the problem of maintenance for public authorities because of the uneconomic rents and because public authorities assumed responsibility for the maintenance of the entire housing stock. Under the western European systems maintenance remained the responsibility of the private owners, and public authorities could look to the self-interest of house-owners for a modicum of repairs. In the USSR the basic rate of roubles 0.35 to 0.44/m² appears to have been based on actual operating and amortization costs when originally fixed in the 'twenties, but it was stated in 1948 that "house managements, lacking sufficient revenue for the amortization of their properties, fall below established amortization norms".⁽¹⁾ Rental income also falls considerably short of expenditure on operating costs.⁽²⁾ In 1956 the actual upkeep and amortization of dwellings in Leningrad cost from roubles 2.37 to 4.17 m²/month depending on the age and type of dwelling; the average for the city was roubles 3.05.⁽³⁾ The normal maximum rent is roubles 1.32 for pre-war dwellings and 1.65 for new dwellings.⁽⁴⁾ The total costs of the Moscow Housing Administration in 1943 were roubles 293.9 million.⁽⁵⁾ This included roubles 76.9 million in respect of 95 per cent of rent transferred to other sectors of the economy. The net costs apart from this transfer were therefore roubles 217 million as against which rent appears to have amounted to 81 million. Administrative costs and service staff cost roubles 82 million and current repairs 59.9 million.

In Poland the post-war system originally envisaged that the rents would be sufficient to meet not only operating costs but amortization and some return on capital but in practice the rents have not been sufficient to meet operating costs including maintenance. The Ministry of Communal Economy, which is responsible for the conservation of 80 per cent of urban residential property, has had to pay by way of state subvention 60 per cent of the operating costs including major and minor repairs of this property. In Yugoslavia post-war rents were not sufficient to meet

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- (1) Veselovski, Fainberg, Filatov and Dlin: "Analiz khozyaistvennoi deyatel'noste kommunal'nykh predpriyatii Moskvy", Moscow, 1948, page 208.
 - (2) See "European Housing Developments and Policies in 1954" ECE, Geneva, August 1955 (E/ECE/209) pages 9 and 10.
 - (3) "Gorodskoe Khozyaistvo Mosky" No. 2, 1956, Moscow, page 5.
 - (4) See European Housing Developments and Policies in 1954, ECE, Geneva, August 1955 (E/ECE/209) pages 9 and 10.
 - (5) N. A. Filatov: "Ocherki Po Ekonomike i Finansaim Sotsialisticheskogo Zhilishogo Knozyasistva", 1947, Moscow, pages 89 and 90.

the cost of maintenance.⁽¹⁾ Subsidies were granted to maintain the large state-owned buildings which were reported to be usually kept in good repair. Small houses owned by public authorities were stated not to have been in private ownership. In the other eastern European countries rental incomes appeared also to be inadequate to meet operating costs, necessitating subsidies from general revenues of public authorities.

In western Europe the increasing cost of repairs and concern for the preservation of the dwelling-stock were mainly responsible for the rent increases that have occurred. In eastern Europe except Yugoslavia the problem of maintenance has not so far resulted in any revision of rent policy. In Yugoslavia rents were restored in 1952 to the 1939 level, having previously been reduced to 50 per cent of that level. This increase was based on the need to improve maintenance of rented dwellings. It was apparently considered that a system whereby housing maintenance, if it were to be adequately carried out, would have to be largely met from the general revenues of public authorities in competition with other demands was not satisfactory. It was stated that a satisfactory solution could only be found by increasing rents to a level adequate to meet repairs and other normal maintenance expenditure. In furtherance of this policy rents were raised in 1955/1956 to 150 per cent of the 1939 level and concurrently graded in relation to floor areas and the category of the dwellings. Because of the rise of incomes in the post-war period the proportion of the family budget has fallen from 9 per cent in 1949 to 5 per cent in 1957 in spite of the rent increases in the meantime. In Poland a proposal that rents should be fixed on an economic basis and raised at least to a level which will cover the entire expenditure on administration and on major and minor repairs is under consideration. This proposal appears to have been prompted by the inadequacy of the provision hitherto made for repairs and by the desire to establish a systematic and self-financing system to ensure adequate maintenance. In Bulgaria dwellings privately erected after 6 April 1954 have uncontrolled rents but the number of such dwellings built for renting is very small. This development appears to be related to the policy of encouraging owner-occupation in that it enables a dwelling erected for owner-occupation to be let at an economic rent if necessary. A somewhat similar concession is made in the USSR whereby private house-owners may let rooms or flats at a rent up to 20 per cent higher than the controlled rent. In other eastern European countries no revision of the rent

(1) See European Rent Policies, ECE, Geneva, August 1953 (E/ECE/170), pages 52 and 53.

system or of the rent levels appears to have been considered necessary though the rental income probably falls considerably short of the operating costs.

In eastern Europe the rent policy in relation to old dwellings has had the same effect on subsidy policy as in western European countries. The rents of new dwellings have been subsidized at a level bearing a close relationship to old rents. In the USSR the maximum rent in new dwellings is 25 per cent above the maximum rent in old dwellings. In the study of Leningrad housing costs, referred to above, the annual costs of multi-floor blocks of flats built between 1946 and 1951 are given as roubles 4.17/m²/month. The maximum rent of roubles 1.65 would, therefore, cover 39.6 per cent of annual costs. In Yugoslavia the rents of new dwellings are the same as the rents of old dwellings, i.e., 150 per cent above the level of pre-war rents. These rents also do not cover all the cost of maintenance and repair let alone the repayment of capital costs. In Poland, the rents of new dwellings are assessed on the same basis as for old dwellings but are officially said to be usually slightly higher per dwelling unit, probably by reason of the better quality of the new dwellings. In the other eastern European countries the rents of new dwellings do not appear to differ very much from the rents of old dwellings.

Except in Yugoslavia, where rents have been raised and in Poland where rent increases are foreshadowed, no changes appear to have occurred in subsidy policy in eastern Europe under the pressure of changing costs and incomes. The fact that the rent system in eastern Europe is usually related to income has meant that rents have been subject to adjustment by reason of income changes. The low maximum uneconomic rents, however, limit the adjustment of rents to income increases. An important development in the financing of housing in eastern Europe in recent years has been the growing emphasis on private building for owner-occupation. The bulk of new rural dwellings in eastern Europe in the post-war period has been erected privately without public financial assistance, but public financial assistance is now being given on an increasing scale for private building in urban areas.

In the USSR the provision of state loans for private building has steadily increased in the post-war period. Between 1946 and 1950, roubles 5,000 million was provided in loans to private builders who built 15 million m² of dwelling space; between 1951 and 1955, private builders in urban areas built 39 million m² of dwelling-space while in rural areas 2.3 million dwellings were privately built.⁽¹⁾

(1) "Sovietskoe Gosudarstvo i Pravo", No. 7, 1956, Moscow, pages 61 and 62.

According to official information supplied between 1946 and 1951, the State advanced a total of about roubles 16,000 million to workers for building private houses in towns and factory settlements and in rural areas. In 1957, bank loans for private house-building are to be more than 50 per cent higher than in 1956 and will amount to about roubles 2,800 million. The increase in the amount of living accommodation built in towns by private individuals entirely at their own expense or with the aid of state loans is shown by the following figures (millions of m²):

1929 - 1932	6.1
1933 - 1937	5.0
1938 - 1941 (3½ years)	7.6
1941 - 1946	8.5
1946 - 1950	30.4
1951 - 1955	38.8

These figures show that there has been a particularly steep rise in the amount of living accommodation built by workers in urban areas in the post-war period. Between the periods 1929 to 1952 and 1951 to 1955, state housing increased 3.2 times while private house-building in urban areas increased 6.4 times. The directives of the Twentieth Congress of the Communist Party of the Soviet Union, concerning the 1956 to 1960 Plan for national economic development, laid down the following objective: "to give wide assistance to workers, employees and members of Collective Farms in the building of dwelling-houses out of private savings and with the help of state and Collective Farm credit: for this purpose to increase the sale to the public of complete sets of components for prefabricated houses and of building materials and equipment".

State-aided private house-building has also increased in recent years in other eastern European countries. In Czechoslovakia it rose from 14 per cent of total output to about 28 per cent in 1955; in Hungary it rose from 10 per cent in 1953 to 25 per cent in 1955; in Romania the corresponding increase was from 1 per cent in 1953 to 10 per cent in 1955; in Eastern Germany co-operative housing with public aid rose from 7 per cent of total output in 1954 to 18 per cent of planned output in 1956. In Poland, legislation is now proposed increasing state aid for co-operative and private housing. In the urban areas such construction rose from 5 per cent of total urban construction in 1954 to 10 per cent in 1955 and 18 per cent in 1956. In Yugoslavia, the percentage of total public funds made available for housing which went in loans to private builders increased from 15 per cent in 1952 to over 40 per cent in 1956. Legal and other measures are being taken to promote the development

of co-operative housing. In Bulgaria it is planned to provide in 1957 leva 200 million for loans to private housing (twice as much as in 1956) as against leva 123 million for public housing.

The growing provision for public financial assistance to private builders in eastern Europe is partly designed to enlist additional efforts in increasing the supply of dwellings but it may also be regarded as an effort to reduce the burden on public funds arising from the low uneconomic level of rents, and, therefore, a parallel to the tendency in western European countries to reduce the real value of subsidies. The growth in incomes, in both cases, encourages the development. The state loans in eastern Europe are usually provided at rates of interest of 1 to 2 per cent but are free of interest in Czechoslovakia and frequently in Hungary. The repayment period is usually short - seven years in the USSR, ten to twenty years in Poland, eight to twelve years in Romania, twenty-five years in Bulgaria and Hungary - but in Yugoslavia the period is usually fifty years. The loans in the USSR and in Poland usually cover about 50 per cent of the cost, the balance being provided by the owner in cash or in labour. In Yugoslavia, the personal investment is about 25 per cent of total cost. The annual charges, apart from the high personal contribution on owner-occupiers, availing themselves of state loans in eastern Europe are considerably higher than the rents of new dwellings. In Yugoslavia they are four or five times higher. In Poland, only the best-paid workers can afford private houses.

Housing in the general economy

Apart from the problems of housing finance caused by the rent structure and by the movement of building costs and the general price and income levels, a further set of problems has arisen in connexion with the relation of housing to the general economy in each country.

In other parts of this enquiry the relation of housing to investment and employment policies and the problems associated with the supply of capital are considered in detail. It may be noted here that expenditure on housing has formed on average about 20 to 25 per cent of total investment in western European countries in recent years and about 10 to 15 per cent or less in eastern European countries. In eastern Europe practically all the capital for urban housing has come from public sources. The extent of public financial assistance to housing in western Europe is illustrated in Table 5.

Table 5

Extent of Public Finance in Housing in Selected Western European Countries

Country	Dwellings built with public assistance		Finance supplied by public authorities	
	As percentage of total			
	1949	1955	1949	1955
Austria	-	60-70	-	50
Belgium		60-70	-	50
Denmark	68	80-90	53	65
France	73	80-90	68	65
Italy	50	35-45	-	25
Netherlands	97	85-95	84	65
Norway	79	70-80	80	45
Sweden	77	80-90	37	45
Switzerland	68	5-10	30	5
United Kingdom	87	60-70	78	65
Western Germany	71	45-55	45	30

Sources: - The figures for 1949 are from Methods and Techniques of Financing Housing in Europe, ECE, Geneva, March 1952 (E/ECE/IM/HOU/38), page 274, except in the case of Italy and Switzerland where the figures are from the Economic Bulletin for Europe, Vol. 4, No. 1, ECE, Geneva, April 1952, page 29.

- The figures for 1955 are from the 26th Annual Report of the Bank for International Settlements, Basle, June 1956, page 72.

In 1949, the percentage of capital supplied by public authorities ranged from 84 per cent in the Netherlands to 30 per cent in Switzerland with the majority of countries supplying 50 per cent or more. In 1955 the majority of countries still supplied half or more but a general tendency for the proportion to decline is evident. In western Europe the majority of countries accorded public financial assistance in both 1949 and 1955 to two-thirds or more of the dwellings erected; five countries supplied up to 90 per cent or more in 1955.

This large devotion of resources to housing and the heavy participation by public authorities in the financing of housing has occurred in a period when heavy capital investment in productive capacity and increased public participation in such investment has been characteristic of most economies. It is a matter for each country to decide in the light of its own social and economic policies and circumstances what the position of housing should be in the general investment and budgetary framework. There appears, however, to be a conflict between investment in housing, which is productive only in an indirect sense, and the general efforts to increase permanent productive capacity and thus living standards generally. This is evident in the lower proportion of investment in housing in eastern European countries. Relatively under-developed countries in western Europe have devoted as high - and in many cases higher - a proportion of investment to housing as the more advanced countries. The explanation for this appears to be that in an under-developed country, where policy limits state intervention in many areas of the economy, it is usually easier to build houses than to find outlets for productive investment. In the long-run, however, in such countries continued heavy public investment in housing is possible only if productive resources increase sufficiently to pay for it. The final problem in such countries tends to be physical shortage of capital for housing. In the more advanced countries the problem is somewhat different. There the problem is not so much shortage of capital nor of productive outlets for it but to control its expenditure so as to contain inflationary pressure. For all countries the solution is an increased level of savings; the growing tendency to reduce public participation in housing or to make it more selective and to require greater contributions from occupants whether by increased rents or a greater encouragement of owner-occupation appears to be part of that solution.

Conclusion

It has been seen from the foregoing analysis that public policy in Europe in relation to the financing of housing has been subject to stress and change in the post-war period in most countries. In the majority of western European countries, where housing output has been brought to a reasonably satisfactory level, changes in public policy have included reductions in the real value of subsidies and alterations in their distribution as between the various social categories. This has meant diverse rent levels in new dwellings, with more recent dwellings having higher rents than those erected in the early post-war years. In other western European countries, where output has not yet reached a satisfactory level, basic problems of so applying public financial assistance as to achieve a satisfactory level of output are still causing difficulties. In eastern Europe, at least two countries are engaged in a reassessment of housing policy to ensure more economic management of the housing estate. In addition there is evidence in all eastern European countries of special efforts to stimulate private investment in housing.

The fact that housing policies have during the post-war period been subject to stress and change underlines the need for careful and comprehensive definition of housing policies particularly as housing output at current levels is required in most countries for at least another decade.⁽¹⁾ The analysis made of the post-war problems has demonstrated the interconnexion of rent and subsidy policies and the dependence of both on the level of costs and incomes. There appears to be need for the re-statement of public policies and financial arrangements in a form that will be adaptable without fundamental alteration to changing circumstances.

The difficulties that have arisen in the post-war period in connexion with the financing of housing have arisen from two main sources. There are the problems associated with the supply of adequate capital and the achievement of a fair balance between public and private investment. Secondly, there are the problems of ensuring that public financial assistance to housing at once stimulates effective demand for housing, has sound social objectives, is economically bearable, is equitable as between beneficiaries and does not inflate housing costs.

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

In other parts of this enquiry the practice and experience of individual countries in regard to the supply of capital, public and private, for housing are analysed with a view to drawing conclusions of practical value for all countries.

The importance of a sound subsidy system has been recognized by the Housing Committee in previous discussions of subsidy systems.⁽¹⁾ In another part of the present enquiry the subsidy problems are further examined with a view to establishing principles which would be of practical interest and value.

(1) Methods and Techniques of Financing Housing in Europe, ECE, Geneva, March 1952 (E/ECE/IM/HOU/38).

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

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

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SELECTED ASPECTS OF HOUSING FINANCE IN THE UNITED STATES OF AMERICA⁽¹⁾

Prepared by Roy J. Burroughs, United States Rapporteur

Home ownership dominant

The most significant fact about housing finance in the United States is that more than half of non-farm dwellings are owner occupied. As of 1950 less than half of the dwellings in this class were mortgaged. The dominant characteristic of American housing finance is the mortgage free, owner occupied, one-family home.

The ownership of homes is protected in many respects by the Constitution of the United States.

The ownership of homes is ordinarily in the form of a "fee simple" type of deed. This form of ownership carries full rights of use, sale and inheritance, limited only by laws for general welfare and protection of the community. These include zoning laws and laws permitting foreclosure and sale for non-payment of taxes.

Owners of homes have almost complete freedom in the transfer of their ownership.

Owners of residences may borrow money by pledging their property.

Structure of the financial system

The thrift institutions of the United States are numerous.

The United States is one of the best equipped nations in the world to mobilize capital quickly and economically for the conduct of any enterprise, including construction of housing. The fact that the United States has produced well over a million houses per year for the past several years, with interest rates commonly held between 4 and 6 per cent is ample evidence of the effectiveness of the financial system.

Three forms of loans must be distinguished in connexion with the financing of housing: (i) Loans for construction, (ii) loans for purchase, and (iii) loans for modernization and repair.

(1) The other papers on the financing of housing to be issued are listed in the last paragraph of HOU/Working Paper No.59.

Construction loans are commonly made to builders who either are in the contracting business or are merchant (operative, speculative) builders or both. Merchant builders normally take the full responsibility for the development of a small or large parcel of land, with all utilities and the resulting houses. Savings and loan associations, savings banks, insurance companies, mortgage lending companies, etc., make advances during construction which as a rule are secured by mortgages on the property. Commercial banks are a common source of construction loans. Such loans are frequently made on an unsecured basis, and are also often secured by chattel mortgages on tangible assets, such as building machinery, mortgages on land, pledges of securities, etc. In the case of large-scale multifamily dwellings for rent, a sponsoring corporation often takes the financial responsibility and hires the contractor. Some individuals take the financial responsibility for building their own houses, hiring a contractor to do the work; others do the work themselves. Interest rates on loans to builders vary widely, depending on local conditions and the credit of the builder - but frequently are from 5 to 6 per cent for loans that are repaid upon completion and sale of the structures. A builder's investment in a house is commonly liquidated by a subsequent mortgage loan obtained by a purchaser. An advance commitment by the Federal Housing Administration to insure the final mortgage, improves a builder's prospect for obtaining construction funds from bankers on advantageous terms. Also, materials suppliers and subcontractors are often a source of credit to builders.

Long-term loans to buyers of homes to finance purchases are secured by mortgages on the properties. Buyers of homes, whether the houses are new or existing structures, have a wide variety of institutions from which they may borrow. As of 30 June 1956, the very preliminary estimate of mortgage debt on one- to four-family structures outstanding by type of holder was:

<u>Institutions</u>	<u>Billions of dollars</u>
Total	<u>94.2</u>
Savings and loan associations	32.3
Life Insurance companies	19.1
Commercial banks	15.9
Mutual savings banks	12.0
Federal National Mortgage Association ^(a)	2.5
Individuals and all others	12.4

(a) Not a primary lender but a secondary holder of mortgages originated by others.

Loans for the modernization and repair of dwellings are usually obtained on an unsecured basis. Banks are probably the most important source of such loans. The rates of interest for modernization and repair are commonly much higher than in the case of mortgage loans.

Regulation of residential property

States and their civil divisions including cities regulate the construction and operation of residential property in many ways. The exercise of the right of eminent domain and of the police power permits the protection of the public interest.

Rent control, which during wartime was a Federal prerogative, is unusual now though it has continued in some cities under the authority of the State governments.

Foreclosure laws permit lenders to take title to property which has been pledged for the payment of a debt.

Many States enforce labour standards in the building industry.

Relationship of the Federal Government to housing

It is impossible to list all the various points of contact of the Federal Government with the housing business. The principal Government agencies that deal directly with housing finance are the Housing and Home Finance Agency with six constituents; also the Federal Home Loan Bank Board, the Veterans Administration, the Department of Agriculture, and the Farm Credit Administration.

Despite these numerous points of contact of Government with the production of houses, neither the Federal Government nor any State or local governments build or contract for the building of a significant share of new houses. Privately financed, private builders are the norm.

Housing and Home Finance Agency

The major responsibility of the Federal Government for housing centers in the Administrator of the HHFA. The Office of the Administrator is responsible for a variety of policy and programme functions; also for the general co-ordination and supervision or direction of the constituents. The chief functions of the constituent agencies and units are outlined below:

1. The Federal Housing Administration insures private institutional lenders against loss on residential mortgages and loans for repairs, etc.

2. The Public Housing Administration makes loans and annual contributions to local public housing authorities for provision of housing to low-income families.
3. The Urban Renewal Administration provides loans and grants to local public agencies for slum clearance and redevelopment and rehabilitation. Such funds are for initial planning, for acquisition and clearance of slum areas, and for preparation for redevelopment largely by private agencies. Only those cities with approved "workable programs" for the prevention and elimination of slums and blight are eligible. This Administration also makes grants for urban planning for small cities and regional or metropolitan areas.
4. The Community Facilities Administration makes loans, if comparable credit is not otherwise available, to localities where there is a shortage of water and sewage systems, and other public facilities. In addition to such loans for actual construction, funds are made available for the planning of future public works upon the agreement of the applicant to repay such funds when it starts the construction of the public work planned therewith. This Administration also makes loans to colleges for housing students and faculty.
5. The Federal National Mortgage Association has the responsibility for maintaining a secondary market for mortgage loans by purchasing certain FHA-insured and VA-guaranteed mortgages.
6. Federal Flood Indemnity Administration operates a new flood insurance programme. This experimental programme is intended to compensate for losses in major disasters and to provide or guarantee rehabilitation loans.

Federal Home Loan Bank Board

The Federal Home Loan Bank Board is composed of three appointed officials who serve as a policy-making body within the executive branch of the Government which reports to the Congress. This Board is responsible for the policy and regulation of the entire Home Loan Bank System, and the Federal Savings and Loan Insurance Corporation. It is also responsible for the chartering, regulation and supervision of about 1,600 Federal Savings and Loan Associations. The Home Loan Bank system

is made up of eleven Banks owned by member thrift and home financing institutions, largely savings and loan associations. Some savings banks also hold stock in the Banks. The member institutions are enabled to obtain credit on the collateral of home mortgages, from the Home Loan Banks. The Banks in turn obtain funds from the capital market by sale of consolidated debentures. These debentures are not guaranteed in any way by the Government. However, they represent a very excellent form of investment and are bought freely by commercial banks. They commonly are issued for intermediate periods of time, usually for not more than twelve months.

Savings and loan associations are the base for the system. Shareholders in the Federal Savings and Loan Associations have the bulk of the votes for the boards of directors. Each borrower also has a single vote. The shareholders are protected against loss of their savings accounts by the Federal Savings and Loan Insurance Corporation. It is controlled by the Federal Home Loan Bank Board. This Corporation, which has been self-supporting through premiums and fees, guarantees individual deposits in insured savings and loan associations up to \$10,000. It is financed by a premium charged to participating associations. The Corporation also is authorized to borrow up to \$750 million from the Treasury if the Board determines that the Corporation needs to do so, and the Secretary of the Treasury is directed to make such loans up to that amount. The Corporation is instrumental in affecting improved methods of management of the associations. Sometimes it arranges consolidation, reorganization, or liquidation of unsuccessful associations. The examining division of the Federal Home Loan Bank Board makes regular audits of participating institutions.

Credit for farmers

Real-estate credit for farmers is available from many sources, but one of the most important is through the Federal Land Bank System. Local farmer-owned national farm loan associations own stock in regional Federal land banks. These banks, through the issuance of mortgage bonds, provide credit for the purchase and ownership of farm land and buildings. There are indications that a considerable volume of farm housing is financed through this channel. The Federal Land Bank System, though financially independent of the Government, is regulated by the Farm Credit Administration, now an independent agency in which the Secretary of Agriculture has one representative.

DEC 2 1941

The Farmers Home Administration of the Department of Agriculture makes direct loans for the purchase, enlargement and improvement of farms, and guarantees loans made by private lenders for the same purpose. This is a source of credit that is restricted to people who cannot obtain credit from other sources. The Farmers Home Administration makes direct loans, contributions, and grants for the construction and improvement of farm housing and other structures.

The Rural Electrification Administration also of the Department of Agriculture has been instrumental in providing electrification for American farm homes through a system of loans to rural electrification co-operatives. The Administration also makes loans to co-operative associations for the extension of rural telephone service.

Veterans Administration

Through a system of guarantees of mortgages and where private money is not available, through direct loans, the Veterans Administration has been instrumental in helping former service men and women obtain credit with which to build or buy houses. Private lenders make the loans and are protected against loss by the Veterans Administration up to a maximum of \$7,500 or 60 per cent of the loan amount, whichever is the lesser.

Volume and significance of Federal operations in housing

Conventionally financed housing without insurance or guarantee of Federally sponsored agencies remains more important than Federally assisted housing.

The influence of the Federal Government on housing is probably greater than is thus indicated. Actually the Government sets many of the conditions under which the entire housing industry operates. Financing terms are so largely shaped by the Government, both specifically in respect to legal requirements for insurance or guarantees and generally through control of the money market, that the volume of construction is materially influenced. Similarly, mobility of capital, standards of quality, conditions of employment in the building industry, and even the total pace of the economy as a whole into which the building industry is geared, are greatly influenced if not dominated by the actions of the Federal Government. However, the basic housing policy is "the realization as soon as feasible of the goal of a decent home and suitable living environment for every American family" and further that "private enterprise shall be encouraged to serve as large a part of the total need as it can

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 5 of the provisional agenda
of the fourteenth session)

FINANCING OF HOUSING IN EUROPE

Financial aspects of co-operative housing⁽¹⁾

Preliminary draft report by Mr. L. L. Robert, of the
International Co-operative Alliance

The analysis for each country has been made under the following three heads:

1. Personal contribution by society members,
2. Sale of co-operative dwellings,
3. Savings system in connexion with co-operative housing.

AUSTRIA

The co-operatives have letting as well as owner-occupancy arrangements.

1. Personal contribution by society members

The building finance comes from three sources (the respective amounts from which are not specified):

- government loans,
- Loans by private bodies under State guarantee or with interest payable by the State,
- contributions by the parties concerned to make up the balance.

The individual co-operators have to take out a share (usually amounting to 300 schillings) which must be completely paid up within three years.

2 and 3. No information

(1) The other papers on the financing of housing to be issued are listed in the last paragraph of document HOU/Working Paper No. 59

BELGIUM

There are three main types of co-operatives in Belgium:

- tenants' co-operatives,
- owners' co-operatives, and
- rural housing co-operatives.

1. Personal contribution by society members

(a) Tenants' co-operatives

Individual members have to make an all-in contribution of 5% of the average cost per dwelling (300,000 Belgian frs.), or 15,000 frs.

Payment is made as follows:

- 6,000 frs. when the co-operative lets the dwelling to the member,
- the balance at the rate of 60 frs. a month over and above the rent.

The arrangement is equivalent to a long-term lease terminable by the tenant at any time.

The co-operator's share towards the finance consists only of the 6,000 frs. required as down payment for the shares taken out.

The State bears the cost of road and public utility works and the rest of the finance is covered by long-term loans granted to the co-operative by SNHLBM (National Society for Low-Cost Housing and Dwellings) without mortgage.

(b) Owners' co-operatives

These are two kinds: building co-operatives pure and simple and housing co-operatives proper (premises other than members' dwellings remaining under joint ownership).

The financing arrangements are much more varied than for tenants' co-operatives as far as members' contributions and share-payments are concerned. To give an idea of the amounts involved, the finance for a house costing 360,000 frs., say, might be broken down as follows:

	frs.
- Co-operator's contribution	60,000 (1/6th)
- Building grant (De Taeye Act)	30,000 (1/12th)
- Mortgage loan	270,000 (9/12th)

(c) Rural building co-operatives

The financing generally takes the form of first mortgage loans, which may cover as much as 90% or even 100% of the cost of construction. Members may

also receive building grants (De Taeye Act). Members' contributions thus appear to be small.

2. Sale of co-operative dwellings

(a) Tenants' co-operatives

Where a dwelling is sold, the sum received must be paid to SNHLBM, thereby enabling the period of repayment of the loan to be reduced or the sum re-invested in the form of a new loan. In addition, and to prevent any speculation with the society's assets, SNHLBM is free, in the event of the co-operative society being wound up, to decide what should be done with the latter's property other than the shares paid up by the members, which duly revert to them.

(b) Owner's co-operatives

Builders receiving building grants must undertake not to let or transfer possession of the dwellings for which the grant has been paid for a period of ten years.

(c) Rural building co-operatives

The same principle seems to apply in the case of building grants.

3. Savings system in connexion with co-operative housing

No information.

DENMARK

1. Personal contribution by society members

The member's contribution amounts to 6% of the total cost of the dwelling, and payment may be spread over several years.

Members' contributions represent the share of the costs not covered by loans from housing credit institutions and State loans.

2. Sale of co-operative dwellings

No information. It should be noted, however, that Danish co-operatives arrange for owner-occupancy.

3. Savings system in connexion with co-operative housing

No information.

FINLAND

The "Haka" co-operative societies operate and control a large number of housing projects either for letting or as joint-stock company houses.

The latter are multi-storey houses consisting of flats owned by the occupants, who are shareholders of the company. Where the premises include garages or out-buildings, the latter remain the property of the company, which acts as lessor.

1. Personal contribution by society members

The occupants are required to take out shares to a total of at least 10% of the value of the property; this contribution normally amounts to 20-25% of the value, the balance being provided in the form of a low-interest State loan representing a maximum of 40%, and a further loan by credit institutions. The occupants pay a monthly sum, depending on the number of shares taken out, to cover repayments and interest on the loan and management costs.

2. Sale of co-operative dwellings

Shareholders may transfer their flats to a third party at any time.

3. Savings system in connexion with co-operative housing

No information.

4. Semi-municipal joint-stock company houses paid for by instalments

To assist those unable to buy the shares necessary for obtaining a flat in a joint-stock company house of the above-mentioned type, the local authorities sometimes take the initiative in building semi-municipal blocks of flats and provide the sums which the occupants would normally have to pay as personal contributions. Tenants who have obtained their flats in this way are allowed to repay the sums so provided over a period of years (normally ten), the block of flats then ranking as an ordinary joint-stock company house operated on the lines described above.

FRANCE

The HLM co-operatives may engage in ordinary letting, in principle, but their main emphasis is on co-operative letting or transfer to owner-occupancy on the basis of rental-purchase.

1. Personal contribution by society members

With ordinary letting (not a very frequent practice by the co-operatives, incidentally) the tenant makes no personal contribution as such, although under the co-operative statutes he has to take out at least one share.

With co-operative letting, on the other hand, the tenant takes out and immediately pays up shares to the total amount of the personal contribution he is required to make (normally 15%) to supplement the loan received by the co-operative.

He does not become owner of his dwelling, which remains the co-operative's property, but merely has a privileged tenancy right deriving from his shareholding. He pays rent at a level calculated to ensure the economic soundness of the operation.

Would-be owners are required to opt for the rental-purchase system and have to begin by taking out shares to a sum equivalent to the cost of their prospective dwelling. In doing so, however, they pay up their shares only to the amount of their personal contribution (i.e., the amount not covered by the loan granted them through the medium of the co-operative). The personal contribution usually amounts to 15% of the cost of construction, with a reduction to 10% for civil servants. The balance of the shares is paid off by instalments over a period corresponding to the term of repayment of the loan contracted (30 years for State loans).

In raising his personal contribution, the co-operator may receive assistance, both under the rental-purchase and co-operative letting arrangements, in the form of loans of various kinds (from family allowance funds, supplementary funds, employers' loans to staff as compulsory contributions towards the building drive and loans from the co-operative's own Benevolent Fund).

2. Sale of co-operative dwellings

As regards accession to owner-occupancy, the dwelling passes from the co-operative to the society member once he has completely paid up, and so redeemed, the shares taken out. Should he die during the redemption period, the ownership devolves in accordance with the compulsory life insurance contracted with the National Life Insurance Fund, which becomes liable for repayment of the balance owed by the co-operator at the time of his death.

Under co-operative letting arrangements, the co-operative tenant's privileged tenancy right derives from his shareholding, and is therefore transferable, with the shareholding, either inter vivos or on account of decease, but the new tenant must first be approved by the Board of Management of the society, since it still owns the dwelling: conveyances are always effected, in the case of co-operative lettings, by simple transfer of the title deeds.

The same applies to accession to ownership so long as the shares have not been fully paid up on the dwelling, which thus remains the property of the co-operative: it can be transferred only with the Board of Management's consent, the transfer of the dwelling being put into effect by the transfer of the shares. On the other hand, once the ownership of the dwelling has been transferred to the member, change

of occupancy implies a change of ownership, that the property must therefore be conveyed.

3. Savings system in connexion with co-operative housing

It should be noted in the first place, that the HLM co-operatives are co-operative "savings, provident and low-cost housing" societies and are authorized as such to open savings accounts for their members in which the latter can deposit their savings in order to build up their personal contributions.

In addition, a building-savings system was instituted under an Act of 15 April 1953 as part of the general scheme for encouraging house-building. Its purpose is to enable any house-builder (whether a co-operator or not) to invest his savings in house-building with a body guaranteeing him a steady appreciation of his deposit. It is important, in fact, for those required to make a personal cash contribution and unable to do so except by saving over a number of years to be protected against devaluation. They can have a building-savings book opened for them at a savings bank or approved institution, and when they need to withdraw their money to start building the savings are returned to them plus capitalized interest and a possible bonus to offset any increase which might have occurred in construction costs (taken as the datum figure) between the date of deposit and the date of withdrawal. The interest on the deposit is 1% and the maximum depositable amount 500 francs. The money must be used for building, buying the site or buying or converting a derelict dwelling or reconditioning one in current use. While depositors are not permitted to hold more than one building-savings account, separate savings books may be opened for every member of the family.

HUNGARY

1. Personal contribution by society members

The State grants co-operatives the free lease of the land, advances a substantial part of the cost of construction and guarantees all sums loaned to co-operatives. The State loans are repayable over 20 years.

Members' contributions consist of a series of monthly payments from the time they are admitted to co-operative membership up to the time they take possession of the dwelling. The annual total payments work out at 4% of the cost of construction.

2. Sale of co-operative dwellings

The member becomes owner of the dwelling from the time he takes possession, and can bequeath it to his heirs.

Any member leaving the co-operative is entitled to repayment of his contributions; if he has already taken possession of the dwelling and the debt has not been fully paid off, he must return the dwelling to the co-operative, which repays him the counterpart of his acquired rights, except where his departure is due to taking up employment with another undertaking which already has a co-operative, in which case his rights are transferred to the latter.

3. Savings system in connexion with co-operative housing

No information.

ISRAEL

1. Personal contribution by society members

No information.

2. Sale of co-operative dwellings

Co-operators at present have the hereditary usufruct of their dwellings under a 99 years' lease. The land itself is nationalized by law.

3. Savings system in connexion with co-operative housing

No information.

ITALY

The co-operatives are of two kinds:

- owners' co-operatives which are generally composed of civil servants or pensioners. The members acquire ownership by paying annual instalments over 35 years, with the possibility of paying off in advance;
- tenants' co-operatives.

1. Personal contribution by society members

The tenants' co-operatives are mainly financed by State loans and advances from the Deposit and Loan Fund. These sums are repayable over 35 years and can cover as much as 75% of the cost of construction. In addition, subsidies are obtainable from the Ministry of Public Works in 35 annual instalments each amounting to 4% of the cost.

There is no information as to the amount of personal contributions in the cases mentioned.

2. Sale of co-operative dwellings

The dwellings are compulsorily transferred to a Provincial People's Housing Institute in cases where a tenants' co-operative is wound up.

3. Savings system in connexion with co-operative housing

No information.

NORWAY

1. Personal contribution by society members

The finance is provided as follows:

- State loans at $2\frac{1}{2}\%$ repayable over 100 years and covering 90% of the total valuation,
- supplementary State and municipal loans varying according to the composition of the family, the borrower's resources and the nature of the dwelling,
- member's contribution,
- the balance in the form of a low-interest bank loan guaranteed by the municipality.

The personal contribution varies and appears to be rather small.

The societies also collect a membership fee of 100 kroner.

2 and 3. No information.

NETHERLANDS

The "Building Associations" are composite in nature, being a cross between co-operative societies and public bodies. They are of two kinds:

- workers' associations in which the co-operative aspect is predominant and which consist solely of the users or prospective users of the dwellings;
- societies whose members do not occupy the dwellings constructed and which are semi-public in character.

The associations may assume one of three legal forms: ordinary associations (73%), foundations (23%) and co-operatives (4%). Taken all round, the three types are sufficiently strongly co-operative in character to allow them to be lumped together in a single study.

1. Personal contribution by society members

The financial aid may be sufficient to cover the whole of the site and building costs, and personal contributions appear to be unnecessary under the financing arrangements applied.

The requisite funds for buying the site and constructing the dwelling are advanced by the local authorities to the total amount of the actual costs, and they in turn can obtain loans from the State. The latter does not itself make any direct loans to the Associations but assumes the contingent risks of non-payment.

2. Sale of co-operative dwellings

No information.

The local authorities retain the right to take over the dwellings, and any accruing costs, as long as the loan is unredeemed. There seem to be no arrangements for transfers to owner-occupancy. Members' rights are less extensive than in most Western European countries but are somewhat greater than those of ordinary tenants.

3. Savings system in connexion with co-operative housing

Some of the Associations use their members' savings to finance additional construction without State aid.

FEDERAL REPUBLIC OF GERMANY

The co-operatives make themselves responsible not only for housing construction but also for housing management. Some of them are based on joint ownership and tenancy shareholdings and others on owner-occupancy (rural housing co-operatives being a case in point).

1. Personal contribution by society members

The member's initial contribution is 5%, but may be 10% and over for would-be owners. In one case out of three the balance is obtained in the form of a loan from the employer; private loans may also be contracted to cover contributions; while in the case of house-builders' co-operatives the principle of labour contributions is applied.

2. Sale of co-operative dwellings

No information.

3. Savings system in connexion with co-operative housing

No information.

UNITED KINGDOM

There are two kinds of co-operatives proper (housing societies):

- railway workers' societies (some of which remain owners of the houses they build while the others arrange for owner-occupancy);
- societies based on joint ownership. These include the normal type of co-operatives (with the tenants not being required to take out shares); house-builders' co-operatives (the members of which contribute their labour and have to take out shares); and housing repair societies (which recondition existing houses and have the tenants as shareholders).

1. Personal contribution by society members

The railway workers' societies obtain the whole of their initial finance from the State (Long-term loans).

The other co-operatives enjoy the subsidization facilities granted by law for houses built for letting. Loans granted by the State or local authorities may cover up to 90% of the estimated cost of construction, the balance being borne by the society members. Alternatively, the co-operatives may obtain building society loans backed by the local authorities and also covering 90% of the estimated cost. The member's contribution thus amounts to 10%.

2. Sale of co-operative dwellings

In the case of the railway workers' societies which arrange for owner-occupancy, the tenants become owners by paying off the loan payments in addition to their rent, the society being wound up once the loans have been repaid.

3. Savings system in connexion with co-operative housing

No information

SWEDEN

1. Personal contribution by society members

The member's personal contribution is 5%, the balance of the finance being covered by mortgage loans:

First mortgage, without amortization, at 3%	60%
Second mortgage, 3½%, term 30-40 years	10 or 20%
Third mortgage, 3%, term 40 years (State)	20 or 25%

The 5% personal contribution is supplemented by a membership fee of 10 kronor and the member also has to take out at least one share in the society (50 kronor).

2. Sale of co-operative dwellings

The system in force is that of tenancy-membership. The members never become owners of their dwellings but have the right of usufruct during their lifetime. Members wishing to leave the organization or change their residence may transfer their rights in the dwelling to anyone approved by the Board of Management. The transfer conditions are controlled by the parent society (that responsible for construction - the actual management of the dwellings being vested in the "daughter" societies consisting of all the occupants of the dwellings), and the authorized price must not exceed the initial price plus the amount paid off by the seller.

3. Savings system in connexion with co-operative housing

First mortgage loans are usually obtained from the Municipal Mortgage Bank and second mortgage loans from the Housing Credit Bank. These are co-operative credit institutions which derive the bulk of their funds from co-operators' savings and bond issues, and in most cases they are the parent societies responsible for collecting the members' savings.

SWITZERLAND

1. Personal contribution by society members

Under the financing arrangements applied, personal contributions cannot exceed 3% of the total cost of construction, as against 10 - 20% in the non-co-operative sector. During the period of construction, the credits come from Savings Banks or other credit institutions in the form of short-term loans covered by a first mortgage on the land. These are replaced by $2\frac{1}{2}$ - 3% loans secured on the house once construction is completed.

2. Sale of co-operative dwellings

The normal system applied in Switzerland is that of tenancy-membership, which means that the dwellings remain the property of the co-operative and are not sold to the members. These provisions have been waived in the case of certain societies which had specified that members could acquire ownership of their dwellings; but even where they are sold the land itself remains the property of the co-operative.

The tenant retains the right of usufruct during his lifetime, subject to cancellation for reasons of a serious nature. He may also withdraw at any time subject to three months' notice, in which case the co-operative refunds him a sum corresponding to the amount paid back on the dwelling.

3. Savings system in connexion with co-operative housing

There is no savings system proper in connexion with co-operative housing. Switzerland being the country with the most highly developed savings system in Europe, private savings - the main source of housing finance - have led to the development of a broad network of banks, savings institutions and insurance companies from which co-operative bodies may obtain the mortgage loans referred to above. There are also many co-operative mutual credit societies.

UNITED STATES OF AMERICA

There are several different types of co-operatives:

- (a) The Co-ventures, whose members become owners of their respective dwellings once they have been constructed. The co-operative may then either wind up or continue to function for the purpose of administering the joint stock or set up a new co-operative for that purpose;
- (b) All-the-way co-operatives, which build dwellings, let them to members and see to their management;
- (c) Mutual housing associations, which are set up to administer dwellings and whose members remain tenants;
- (d) Self-help co-operatives, whose members contribute their labour or services and acquire ownership of their respective dwellings by rota.

1. Personal contribution by society members

Some of the co-operatives do not require any initial contribution from their members (the mutual housing associations being a case in point).

Others, on the contrary, require payment of a sum fixed either according to the cost of construction (5-20% according to the particular case) or at a flat rate (e.g. \$500 per room). With the self-help co-operatives, the contribution takes the form of labour or services.

The member's contribution for all the housing co-operatives taken together works out at an average of 22% of the cost of construction and 90% of the cost of the land.

2. Sale of co-operative dwellings

Accession to ownership may assume various forms, and may take place on completion of construction or by stages.

There is no information concerning the transfer of dwellings by members to third parties.

3. Savings system in connexion with co-operative housing

Most of the co-operatives are set up on the initiative and under the auspices of a private or public body (trade union, religious or philanthropic organization etc.). There is no information as to the possible rôle of savings in this connexion.

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HOUSING COMMITTEE

(Item 5 of the provisional agenda
for the fourteenth session)

FINANCING OF HOUSING IN EUROPE

Position of housing in over-all financial framework⁽¹⁾

(Working paper prepared by Mr. A. Andrzejewski, Poland)

The chapter entitled "Position of housing in over-all financial framework" should contain, inter alia, an analysis of the following questions:

1. Scope and comparability of data

The extent to which housing funds other than those for actual house-building (e.g. funds used for modernizing the existing housing stock, carrying out major repairs etc.) can and must be recorded should be specified. Under this head, too, would come the achievement of comparability between the data analyzed from the point of view of the varying interpretations of national income, investment capital and building funds.

2. Housing funds

The ratios of house-building costs to total building costs, total investments and the national income should be indicated. An account should be given not only of the present position in the various countries but also, as far as possible, of changes in these ratios during the post-war years and developments expected in the near future.

3. Analysis of differences and their causes

Under this head an analysis should be made both of the differences arising between countries or groups of countries and of the causes of these differences. The analysis should cover not only differences in present ratios but also the rate and regularity of increases in investment loans for building.

(1) The other documents to be published on the financing of housing are listed in the last paragraph of document HOU/Working Paper No. 59.

The analysis might deal with the effects of such factors as:

- differences in the stage of economic development reached by the various countries and the degree of concentration of funds on investment in basic industrial expansion;
- differences in the industrial investment structure (modernization and renewal of machinery stocks, or appropriations for new industrial assets entailing more constructional work);
- differences in the structure and age of the housing stock according to the period when the towns were growing;
- differences in the extent to which social needs are met (ratios of house-building to the erection of educational or cultural buildings, hospitals and clinics etc.);
- population trends (rate of natural increment, migration etc.).

It would also be necessary to study how far steady progress in the financing of building is affected by a certain contradiction due to the fact that house-building is regarded as one aspect of the general policy of full employment and economic stability, and how far house-building is mainly expected in other countries to meet certain social needs.

* * *

Such an analysis would necessitate the transmission by all countries of data covering a very wide field, as already stated by the Secretariat, and also showing the distribution of investments in sectors other than house-building.

In the case of the countries of eastern Europe, it would be essential to take all investments into account, i.e. investments under the central and local plans as well as those outside the plans derived from the socialized undertakings' own funds and from private sources.

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FINANCING OF HOUSING IN EUROPE

Housing Subsidies⁽¹⁾

Note by the Secretariat

In the first paper⁽²⁾ prepared for this enquiry on the financing of housing, the main factors influencing public policy with regard to the supply and financing of new dwellings in the post-war period were examined. In the present paper the term "housing subsidy" is interpreted in a very broad sense and in fact the paper discusses and analyzes the ways in which public financial aid is given to housing. Essentially, the approaches covered are: building for the account of public authorities for letting; the granting of loans, which normally involves special terms, particularly so far as the rest of interest charged is concerned, or alternatively, or perhaps additionally, special arrangements with regard to the period of amortization; and direct capital and annual subsidies. Essentially, the criterion is a financial contribution, direct or indirect, making up the difference between the real cost of a house and the price charged to the occupant, whether as a buyer or a tenant. If this criterion is taken, then the apparent wide difference between subsidy principle in eastern and western Europe disappears.

Other aspects of the problem of public aid for the financing of housing are discussed in other papers contributed to this enquiry.⁽³⁾

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- (1) The other papers on the financing of housing, to be issued, are listed in the last paragraph of HOU/Working Paper No. 59.
 - (2) "Economic and Financial Problems of Housing", HOU/Working Paper No. 61, 11 April 1957.
 - (3) For a preliminary discussion of the problem as a whole, including a systematic classification, see "European Housing Progress and Policies in 1953" (E/ECE/189, Geneva, 1954).

One of the most important decisions to be made in framing housing policy is the extent to which it is desirable and possible to subsidize dwelling construction. The two major objectives of housing policy should be to achieve a reasonably high level of output having regard to resources and over-all requirements and to ensure that all families are enabled to obtain a dwelling corresponding to their reasonable needs. A further post-war objective on a somewhat different footing, now becoming less strong, has been that of using subsidies to keep down the general level of rents⁽¹⁾.

Factors which influence the number of dwellings erected in a country include, apart from housing subsidies, the general investment policy, the resources in labour and materials of the building industry, the general economic and financial situation, the cost of house building, the credit facilities available, the acuteness of the housing shortage, the range of incomes and the distribution of the population. A coherent housing policy must reflect all these factors and the decision as to the number and kind of dwellings to be subsidized must be made with due regard to the effect of such factors on housing output and on the distribution among the various categories of needs of the dwellings provided. A subsidy system which is not fully integrated with all these factors can militate in the long run against a successful housing policy. For example, if subsidies are given without due regard to the range of incomes, the amount of subsidies will be reduced for those who really need them with the result that effective demand for housing is reduced and the social objectives of housing policy stultified. Also, the granting of subsidies without due regard to financial need could result in an excessive outlay on subsidies which could not be borne without strain, necessitating in the long run adjustments which might disrupt the flow of housing and disorganize the building industry. If subsidies are not so designed as to avoid inflating building costs, output will tend to be less than it might be if costs were lower. Excessive reliance on public credit facilities and failure to stimulate private investment in housing can limit output and possibly be a disincentive to reducing costs.

(1) The way in which, in combining rent and subsidy policy, countries have in the post-war period fallen into two categories - those who have been concerned to promote a generally low level of rents for new dwellings and those who have essentially tried to establish particularly low rents for special social groups (normally the less industrialized countries) - is described and discussed in Part II, Section 2 of "European Housing Developments and Policies in 1954" (E/ECE/209, Geneva 1955).

This paper falls into three distinct sections:

1. The relation of housing subsidies to housing output, and the social distribution of output;
2. The relation of subsidies to the financial circumstances of the occupant; and
3. The relation between housing subsidies and the cost of house building.

Each of these sections ends with a number of tentative conclusions or points presented as a basis for discussion. In the time available it has not been possible to present a full analysis of the material collected, and the presentation in each section is largely descriptive of the position country by country. At a later stage a full analysis will be undertaken.

1. The relation of housing subsidies to housing output and the social distribution of output

Table 1 illustrates the decisions that have been made in nineteen individual countries, as reflected by the position in 1955, on the number of dwellings in respect of which public financial aid is provided. In all, somewhat less than 60 per cent of total output in the nineteen countries was subsidized. There was considerable variation between the individual countries in the proportion of dwellings subsidized, ranging from 100 per cent in Czechoslovakia to 7 per cent in Switzerland. These variations emphasize the fact that subsidy policy is bound up with many other factors which vary in importance from country to country. On the other hand the fact that countries have so many different solutions to a common problem suggests that each country may learn something of value to it in its own particular circumstances from a comparative analysis of subsidy policy and methods in other countries.

The level of output achieved may be regarded as one criterion of the effectiveness of subsidy policy. Table 1 shows, however, that variations in subsidy policy are not consistently matched by corresponding variations in the level of output as measured by the number of dwellings erected per thousand inhabitants. Output in Czechoslovakia, where all dwellings are subsidized, was 3.9 per thousand inhabitants as compared with 7.7 per cent in Switzerland where only 7 per cent of dwellings are subsidized. On the other hand, the level of output in Sweden was the same as in Switzerland but 80 to 90 per cent of dwellings were subsidized. In Denmark the proportion of dwellings subsidized was approximately the same as in Sweden but the output was 5.4 per thousand inhabitants as compared with 7.9 in Sweden. The proportion of dwellings subsidized in Western Germany and Yugoslavia was approximately the same,

5.9 in U.S.

Table 1
Dwellings in receipt of Public Financial Assistance in 1955

Country	Dwellings in receipt of public financial assistance, as percentage of total output	Total output (thousands)	Estimated number of dwellings in receipt of public financial assistance (thousands)	Total output per 1,000 inhabitants
Austria	60-70	41.6	27.0	6.0
Belgium	60-70	44.6	29.0	5.0
Czechoslovakia	100	50.6	50.6	3.9
Denmark	80-90	24.0	20.4	5.4
France(a)	91	172.0	157.0	4.0
Ireland	95	9.8	9.3	3.3
Italy	35-45	215.9	86.4	4.5
Netherlands	96	61.9	59.4	5.8
Norway	70-80	32.1	24.1	9.4
Poland	72	94.0	67.7	3.4
Romania	28	55.9	15.6	3.2
Spain	73	112.2	81.9	4.2
Sweden	80-90	57.7	49.0	7.9
Switzerland	7	39.4	2.8	7.9
Turkey	25-33,33	58.5(b)	17.5	10.1
USSR	51	1,512.0	772.0	7.7
United Kingdom	61	324.0	207.9	6.4
Western Germany	50(c)	542.0	271.0	10.6
Yugoslavia	53	29.7	15.7	1.7
Total	56	3,477.9	1,964.3	-

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

- France, United Kingdom, Official Statistics.
- Ireland, Netherlands, Poland, Romania, Spain, Switzerland, Turkey, Western Germany, Yugoslavia: Official information supplied.
- Czechoslovakia and USSR: Quarterly Bulletin of Housing and Building Statistics for Europe, 1956, Vol. IV, Nos. 2 and 3. In the case of Czechoslovakia, recent information received suggests there was some unaided house-building prior to 1956 but this information has yet to be clarified. In the case of the USSR, it would appear from "Sovietskoe Gosudarstvo i Pravo" No. 7, Moscow, 1956, pages 61 and 62, that about 100,000 dwellings (or 3.5 million m²) were privately erected in 1955 with State loans.

(a) New dwellings only.

(b) Estimated output in urban areas only.

(c) Excludes dwellings erected with tax concessions. If these are included, publicly-assisted housing would be 90 to 95 per cent of total output.

yet Western Germany had the highest output in Europe with 10.6 dwellings per thousand inhabitants whereas Yugoslavia had the lowest with 1.7 dwellings per thousand inhabitants. Generally, there appears to be no consistent correlation between the proportion of dwellings subsidized and the level of output; it would seem that the other factors mentioned above tend to be the principal determinants of the level of output attained. Examples of this can be seen in many countries. In eastern European countries over-all investment policy is the main determinant of housing output; the lesser role of subsidies can be seen in the fact that while output per thousand inhabitants does not differ significantly in Czechoslovakia and Romania, only 24 per cent of dwellings are subsidized in Romania as compared with 100 per cent in Czechoslovakia. In France and Yugoslavia, the resources of the building industry are a critical restraining factor. In Switzerland, the United Kingdom and Western Germany well-organized private credit markets facilitate a high level of unaided housing.

On the whole, therefore, it is probable that the real importance of subsidies lies less in the direction of increasing output than in the other directions. Principal among these is the influence subsidies exert on the social needs which new dwellings meet. In Italy, Switzerland and Turkey, the three countries with the lowest proportions of subsidized dwellings in 1955, the bulk of the output was beyond the means of lower-income families. If the main purpose and effect of subsidies is to give a social direction to housing output, it is important that subsidies be given in accordance with a clear social policy.

In this connexion, the wide variations between the proportions of dwellings subsidized in individual countries and the fact that in many countries proportions of from 70 to 95 per cent of dwellings are subsidized underlines the importance of a comparative study of the social direction given to housing in the individual countries.

Table 2 illustrates, in respect of selected western European countries for which particulars are available, the distribution of housing output and subsidies in 1955 or 1956 between the two main categories of agencies providing dwellings, viz. public bodies and non-profit bodies on the one hand and private enterprise including private individuals on the other. In general it appears reasonable to suppose that dwellings provided by public and non-profit bodies in the countries covered by the Table are in the main intended for occupation by the lower wage-earning classes, say, from the skilled tradesman level down, while private house-building is intended

for the income classes from the skilled tradesman level upwards. In all, something over 40 per cent of total housing output covered by the Table was provided by public bodies and housing associations; this represented nearly 70 per cent of total subsidized output. There was considerable variation between countries in the proportion of subsidized dwellings devoted to lower-income needs (on the assumption that these are catered for by the public and non-profit bodies), varying from 100 per cent in the United Kingdom⁽¹⁾ to 36 per cent in France with Western Germany approximating closely to the over-all average.

Various methods have been adopted by countries to give a social direction to housing by means of public financial assistance.

In Austria, where public financial aid is mainly given by way of low-interest loans from housing funds controlled by the Länder, it is stipulated that one-quarter of the funds must be devoted to municipality housing, one-quarter to non- and low-profit housing associations, one-quarter to private builders and one-quarter to the replacement of emergency housing. In this way, from half to three-quarters of the public funds available for housing is utilized for housing for the lower-income families, depending on the extent to which emergency housing is occupied by such families. This system of allocation of the capital for housing appears to be the only means whereby a social direction is given to housing, since the terms of the loans are the same for all categories and additional public financial aid in the form of mortgage guarantees, interest subsidy on private loans and lump-sum grants appear also to be available on the same terms for all categories of builders.

(1) Since, however, in 1955 local authorities in the United Kingdom were still building for general needs with the aid of subsidies, the dwellings provided by them were not necessarily for the lower-income groups. A greater proportion of local authority dwellings, however, probably did go to lower-income groups in that year, when private housing was 40 per cent of total output, than in earlier years when there was virtually no private housing.

Table 2

Agencies Erecting Subsidized Housing in Selected Western European Countries

Country	Year	Public bodies and housing associations (a)			Private enterprise			Total number of dwellings subsidized (000's)	Total number of dwellings erected (000's)
		Number (000's)	Percentage of total subsidized output	Percentage of total housing	Number (000's)	Percentage of total subsidized output	Percentage of total output		
Belgium ^(b)	1955	21.9	76	49	7.1	24	16	29.0	41.6
Denmark	1956	8.4	56	51	6.5	44	40	14.9	16.4
France ^(c)	1955	57.0	36	33	100.0	64	58	157.0	172.0
Ireland ^(c)	1956	4.2	41	40	5.9	59	55	10.1	10.6
Netherlands	1956	34.7	54	51	30.0	46	44	64.7	68.3
Spain (c)	1955	57.3	70	51	24.6	30	22	81.9	112.2
Sweden (c)	1955	31.0	64	54	17.5	36	31	48.5	57.0
United Kingdom	1956 ^(c)	176.1	100	58	-	-	-	176.1	300.2
Western Germany	1955 ^(d)	180.0	66	33	91.0	34	17	271.0	542.0
Total		570.6	67	43	282.6	33	21	853.2	1320.3

Notes and Sources: - Denmark, France, Ireland, Netherlands, United Kingdom: Official statistics,
 - Spain and Western Germany: Official information supplied by Governments to the Secretariat.
 - Belgium - The dwellings shown in the column for public bodies and housing associations are those erected by the "Société nationale des habitations et logements à bon marché", (National Low-Cost Housing Society); the number of dwellings is taken from the International Housing Bulletin, European Regional Organization of the International Confederation of Free Trade Unions (ERO/ICFTU), March 1957. The total number of dwellings subsidized is drawn from Table 1.
 - Sweden - Official statistics for building agencies and Table 1 for number of dwellings subsidized.

(a) Including non-profit associations and co-operative societies.

(b) Urban areas only.

(c) New dwellings only.

(d) Subsidized dwellings excludes those in respect of which the public financial assistance consists of tax concessions only.

In Belgium, there is no public housing in the sense of dwellings provided by public authorities and financed entirely out of public funds. There are those semi-public housing bodies, however, which are intended to cater for the needs of low-income families. The "Société nationale des habitations et logements à bon marché" (National Low-cost Housing Society) with its affiliated local societies provides dwellings mainly for renting, while the National Smallholders Society and the Large Families Housing Fund give loans to their special categories of owner-occupiers. State action to provide a social direction to the use of housing capital principally consists in giving interest subsidies to these bodies to enable the National Low-cost Housing Society to loan to its affiliated societies at 1 per cent, the National Smallholders Society at 2.75 per cent and the Large Families Housing Fund at rates ranging from 0.75 to 3.5 per cent, depending on the size of the family. Housing for miners receives special interest subsidies which may reduce the rate of interest to as low as 0.5 per cent. The private mortgage interest rate is 6 per cent. In addition, the semi-public General Savings and Retirement Fund, which provides about one-fifth of the total housing capital, provides the entire capital of the Large Families Housing Fund and a portion of the capital of the other two societies. Since unaffiliated owner-occupiers may also obtain loans from the General Fund, it is not clear if the capital provided by the General Fund is allocated in accordance with social principles apart from the allocation to the Large Families Fund. Although the dwellings provided by or through the three semi-public bodies are intended for lower-income families, there do not appear to be strict tests of eligibility for these houses, including an income qualification. The rented dwellings of the National Low-cost Housing Society appear to be available to all income classes who desire rented dwellings. In addition to the state interest subsidies and the semi-public loans from the General Fund, capital grants are paid by the state in respect of all dwellings within certain cost and size limits. Apart from whatever social direction is given by these cost and size limits, the grants are available to all income classes. It is significant, however, that probably about one-third of dwellings are provided without recourse to public financial assistance either by grant or loan. This suggests that the cost and size limits imposed on houses qualifying for grants are sufficiently low to deter applications from those in a position to finance dwellings of better quality.

2

In Denmark, public financial aid to housing consists of low-cost loans on third priority, annual subsidies and capital subsidies in special cases. As in Austria, the public capital funds are allocated in accordance with a fixed scheme between the various social categories of housing. Half the public funds are allocated to so-called social housing provided by non-profit housing associations under the aegis of municipalities and by the municipalities themselves; 15 per cent is allocated to dwellings erected for owner-occupation by persons below a certain income level; 27.5 per cent is allocated to dwellings erected for owner-occupation or renting without any income qualifications and 7.5 per cent is reserved for special kinds of building such as homes for old people, student hostels, nursery schools and certain communal buildings. Apart from the over-all social direction given to housing by the foregoing system of allocation of capital, "social" housing obtains annual and certain capital subsidies. These forms of public aid, however, are of secondary importance to the allocation of capital in determining the distribution of housing output between the various social categories but will be considered below in connexion with the relation of subsidies to individual financial need. The income limits prescribed for "social" housing are well above the average income, and, in practice, a relatively large number of persons with incomes above the limit obtain these dwellings, the object being to provide a mixed estate.

In Finland, public financial aid to housing consists of loans on second priority which, however, have not exceeded 15 per cent of total housing investment in recent years. These loans appear to be allocated where possible to the most needy applicants but, in practice, since down-payments for dwellings are from 20 to 25 per cent of cost and since needy applicants have experienced difficulties in obtaining first priority private loans, the possibility of giving the state loans to the most deserving social classes has been limited.

In France⁽¹⁾ public or semi-public loans for housing are available from the Caisse des Dépôts et Consignations, the Crédit Foncier and the "Sous-Comptoir des entrepreneurs" but the total amount is limited. The funds available from the Caisse are allocated to the "Habitations à loyer modéré" (HLM) non-profit organizations which cater for the needs of lower-income families. The funds

(1) "Financing Workers' Housing", Copenhagen - Brussels 1956, report prepared by H. Umrath on behalf of the Standing Housing Committee of ERO/ICFTU, is one of the sources drawn on in this paragraph.

available from the other two bodies are used to issue supplementary loans in respect of dwellings other than HLM dwellings but it is not clear to what extent the opportunity is taken to divert these funds to housing for lower-income families. To assist the diversion of private capital to HLM dwellings, the state gives subsidies in reduction of loan charges on private loans for such dwellings but the total amount of such subsidies is limited by annual budgetary considerations. A further measure to stimulate the provision of private capital for housing is the legal requirement that employers in trade or industry with ten or more employees must invest in housing 1 per cent of total wages paid. Except in the case of the nationalized coal administration, which is obliged to provide dwellings for miners, there do not appear to be any stipulations as to the type of housing in which these funds should be invested. State public aid to housing consists principally of annual subsidies. These subsidies are available to all income classes but persons of moderate means can obtain a higher annual subsidy. In addition, housing allowances are paid to relate rents of old and new dwellings to rent-paying capacity. Apart from the HLM dwellings, the bulk of subsidized dwellings appear to be beyond the means of lower-income families because of the difficulty in obtaining capital financing with consequent high down-payments. The limited public funds available for capital financing make it difficult for the State to ensure a greater concentration of housing output in the sector catering for lower-income families. Also, the building industry is fully occupied and, in the competition for the available resources, housing for higher-income classes probably attracts resources better than low-cost housing in the absence of a system of priorities.

In Ireland, housing for lower-income families is provided by the local authorities. The state ensures optimum output by the local authorities by providing the capital required either in toto or, in the case of the two major municipalities, to supplement capital raised through stock issues. The fact that in recent years output by local authorities has been less than that of private builders catering for higher-income families is attributable to the progress made by local authorities in earlier years in eliminating housing shortages; since the population is static or declining the need for a continued high housing output is reduced. The state has also provided the bulk of the capital for private housing but in the last year or so, when balance-of-payments problems necessitated a reduction in capital

investment, priority was given to local authority housing. A system of mortgage guarantees was introduced to encourage the reliance of private builders on private capital. Since the public loans for housing are at economic rates of interest, subsidies are given in the form of annual subsidies in the case of local-authority housing and capital grants in the case of private housing. The state subsidies given to local-authority housing are much heavier than those to private housing. The former are usually equivalent to capital grants of one-third or two-thirds of normal cost in urban areas (the higher rate being payable in respect of a slum-clearance or similar special dwelling) and three-fifths in rural areas, whereas the state capital grant to private housing usually represents at most 15 per cent of cost. Lower-income persons are encouraged to erect a house for owner-occupation, instead of looking to the local authority for a rented dwelling, by the possibility of obtaining special capital grants from local authorities often equivalent to half the state grant.

In the Netherlands, the capital for housing is raised in the market so that direct apportionment of capital to the various social categories of housing is not possible. Over-all housing output is safeguarded by giving house-building and industrial construction priority over other forms of construction. The proportion of output devoted to housing for lower-income families depends on the initiative of municipalities and of housing associations whose capital requirements are provided by the municipalities. These bodies appear to be active and enterprising but housing policy is directed to giving increased emphasis to assisting private enterprise housing, particularly for owner-occupation. As appears from Table 2, nearly half the housing output is now in the private sector; up to 1954 the share of the private sector was 35 per cent. State capital grants of about 20 per cent of total cost are available for private housing without income qualifications. As a result, only about 4 per cent of housing output in 1954, as shown in Table 2, was unsubsidized. Recognition is given to the fact that the policy of stimulating private housing for owner-occupation and the reduction in the share of municipalities and housing associations in housing activity, may be detrimental to the provision of housing for lower-income families. A special state annual subsidy for ten years equivalent in all to 25 per cent of the normal state grant is paid to lower-income owner-occupiers who can also obtain mortgage guarantees from certain municipalities. This appears to have not been sufficient to stimulate owner-occupation among lower-income families and administrative arrangements are now in train to give effect to proposals for additional subsidies and mortgage guarantees for workers' and lower-middle-class families.

In Norway, the sparsely distributed population does not provide scope for public housing bodies and the bulk of new dwellings are privately erected for owner-occupation. Approximately three-quarters of dwellings are erected with the aid of loans and grants from the two State Housing Banks. There does not appear to be any formal allocation of the loan capital between the various income groups and no income limits are enforced. The capital grants are subject to income limits but these limits are rather wide and in practice applications for grants are rarely refused. The main method whereby a social direction is given to housing is in the size-limits imposed as regards dwellings which qualify for loans and grants. The maximum limit is 100 m² and this limit appears to have appreciable effect, since from 25 to 30 per cent of dwellings are erected without recourse to public financial aid. An investigation of applicants in 1955 for loans to the State Housing Bank showed that 90 per cent of personal applicants and of members of certain co-operative building societies belonged to the social categories "workers and foremen" and "employees". It may be noted that the income range in Norway is smaller than in other western European countries with bigger populations and more complex economies. Apart from the social direction given to public financial aid by the limitations imposed on the size of dwellings eligible for it, a certain encouragement is given to housing for lower-income families by giving greater loans to co-operative societies and to individual owner-occupiers than to other applicants. Also, an interest rebate is granted to families with several children, in areas which contain about two-thirds of the dwellings financed by the State Housing Bank. It is recognized, however, that the system of public aid generally is not sufficiently weighted in favour of special needs as distinct from average needs and legislative proposals to correct the weighting are at present under discussion.

In Italy, public capital funds provided for housing represented in 1955 about 13 per cent of total investment. All these funds were allocated to a number of special housing programmes for the lower-income families. There is a special state slum-clearance programme designed to construct 120,000 dwellings in seven years; these dwellings are designed to rehouse the very poor families living in caves and huts etc. The INA-Casa housing programme, financed as to more than half by a special tax on wages and salaries, envisages the erection of about 30,000 dwellings per annum; these houses are allocated under a system of priority to lower-income

families in urgent need of re-housing. Public loan capital and subsidies are also given to certain non-profit co-operative societies and to individuals; these dwellings are mainly intended for lower-income employees of the state and public undertakings. In 1954, the number of rooms provided with direct public financial aid represented less than 30 per cent of total output. It seems clear that the publicly aided dwellings are carefully reserved for the lower-income families; the real problem in Italy is that the total funds available for public aid to housing are limited by reason of budgetary and general financial difficulties. The situation resembles that in France but the social policy pursued as regards the allocation of available funds differs in the two countries.

In Portugal, loan capital for housing is supplied from the State General Fund for Deposits and Welfare but information as to the proportion these funds form of total housing investment is not at present available. The funds, however, appear to be allocated entirely to housing for lower-income families within strict income limits. The state and municipalities are actively engaged in house construction and their efforts are supplemented by the Misericordias, traditional non-profit social institutions which exist in all cantons, and a special board for fishermen's housing.

In Spain, public funds provide about 55 per cent of total investment in housing. These funds are allocated in accordance with the selection made by the National Housing Institute from the applications for loans received. This selection is made in accordance with social policy, e.g. dwellings for letting are preferred to dwellings for sale, and the housing needs in the different areas and the quality, rent or selling price of the dwellings are taken into account. The Institute has reserved 25 per cent for dwellings constructed by the Trade Union Agency for Homes, which caters for housing for the lower-income families. The capital available from private credit agencies is also apportioned between the different categories of dwellings by the National Housing Institute. Housing policy is directed, however, to reducing the activities of municipalities and the Trade Union Agency in favour of private participation in housing. As part of this policy undertakings with more than fifty workers in newly industrialized areas are required to construct over a period of five years enough houses for 20 per cent of their workers. Industrial concerns getting up new plant or expanding their existing plant

and certain other large undertakings must provide dwellings for their employees if there is a housing shortage in the area. For the future the role of public and semi-public bodies is to supplement the housing activities of private individuals and concerns, where such activities are inadequate or result in the provision of dwellings beyond the means of workers. Housing output has risen considerably in Spain under the new housing policy, but the precise effects of the change on the proportion of dwellings provided within the means of lower-income families are not yet apparent. In Table 2 it has been shown that 70 per cent of subsidized housing in Spain in 1955 was provided by public or non-profit bodies; in the programme for 1956, the first year in which the new policy has operated, housing by industrial concerns and private persons amounted to 50 per cent of subsidized housing.

In Sweden, state assistance to housing consists of supplementary loans, frequently a capital subsidy, and certain annual subsidies. There does not appear to be any formal allocation of public loans between the different categories of housing. As in the Netherlands, the social direction given to housing depends on the initiative of municipalities and co-operative societies and both types of bodies are extremely active resulting in the provision by them in 1955, as can be seen in Table 2, of about two-thirds of subsidized output. Bigger state loans are granted to municipalities and co-operative societies than to private builders. Private loans usually cover up to 70 per cent of cost; the state loan may cover the remainder, in the case of municipalities, up to 100 per cent, in the case of co-operative societies up to 95 per cent and in the case of private builders up to 85 per cent. The capital and annual subsidies do not differ between the different housing sectors.

In Turkey, where between one-quarter and one-third of output in urban areas receives state aid in the form of loans, new dwellings generally are beyond the means of lower-income families. The Real Estate Credit Bank of Turkey is required to devote 55 per cent of its investments to housing but this housing investment does not appear to be actively directed into housing for lower-income families. Generally a substantial part of the funds of the Bank finds its way into housing which is too expensive for low-income families. The Workers Insurance Agency, another important source of public housing loans, provides loans for persons who form housing co-operatives and are contributors to the old-age insurance fund. Again, however, these funds go into housing beyond the means of lower-income families.

In Switzerland, where only 7 per cent of dwellings are subsidized, unsubsidized dwellings are too expensive for lower-income families. The subsidies that are given, however, in the form of loans and grants by a few cantonal authorities are reserved for low-income families by strict income limits. The problem in Switzerland is rather the absence of an adequate amount of subsidies than failure to direct them in the most socially desirable direction.

In the United Kingdom, post-war housing policy until recent years was to have local authorities provide practically all new subsidized dwellings. Up to 1953, 90 per cent of output was by local authorities. In addition, until recent years annual housing output was restricted to a level of about 200,000 houses. It was considered, in view of the restricted output permitted, that local authorities were the best agency to ensure that new subsidized dwellings were allocated in accordance with social need. In recent years an output in excess of 300,000 has been permitted and the official policy is to have local authorities provide somewhat more than 40 per cent of output for renting. The balance of the output would be private unassisted housing practically entirely for owner-occupation. Under the earlier policy, because of the virtual absence of any other housing agencies, local authorities were building subsidized dwellings for general needs and not necessarily for lower-income families. Housing need rather than financial need was the criterion for tenancy of a subsidized dwelling. With the growth of private unassisted housing, local authorities are reverting to their traditional role of building for lower-income families. The subsidies for general needs have been withdrawn in England and Wales but will be retained for a further period in Scotland because of the more acute shortages there. In England and Wales subsidies will be virtually confined to slum-clearance operations and the housing of persons in new towns and those overspilled from congested areas. At the same time, local authorities are being encouraged to re-adjust existing rents so as to relate them more closely to rent-paying capacity than was done when local authorities were building for general needs and not only for lower-income families. This may be seen as an attempt to re-assert the traditional role of housing authorities and subsidies in the United Kingdom.

In Western Germany, public aid to housing consists mainly of low-cost loans to so-called "social" housing. This housing is in general reserved for those within the income limit of the social-welfare code, but that limit may be exceeded in respect of dependents or in the case of special categories, such as disabled persons and war widows. Within the income limits an order of priority of housing need is established and in recent years 60 to 65 per cent of social housing went to expellees, refugees, bombed-out persons etc. The income limits, however, appear to be rather wide and housing need rather than financial need seems to be the criterion for social housing. The position of particularly low-income families not falling within the special-need groups was recognized in the Second Housing Act of 1956. Such families were also given priority for new dwellings provided other low-rent dwellings of the existing housing stock are not available for them. Approximately half of the total housing output falls within the social housing sector. The other half is erected without direct public aid but important tax concessions are afforded. No income limits are in force for occupation of these dwellings and the rents would appear to be beyond the means of lower-income families. Within the social housing sector approximately two-thirds of dwellings were provided by public bodies (negligible) and non-profit associations. Owing to the acute housing shortage and the consequent emphasis on housing need in the allocation of dwellings, housing in the public and non-profit sector appears to be akin to the type of housing provided by local authorities in the United Kingdom before the more recent changes in policy there.

Table 3 illustrates the division of publicly aided housing in 1955 and 1956, in selected eastern European countries, between the public and the private sector. The general average of the proportion in the public sector is 86 per cent as compared with 67 per cent in the western European countries covered by Table 2. Since all housing in the public sector in eastern European countries is based on extremely low, often nominal, rents, it is within the means of low-income families. In view, however, of the acute housing shortages generally in eastern Europe and the relatively small size of the private sector, the public housing undertakings have to meet general needs as distinct from the special needs of the lower-income families. The extent to which low-income families obtain new publicly built dwellings will depend, therefore, on the system of allocation adopted by the public housing authorities.

Public housing in eastern Europe is generally undertaken by the public commercial, administrative, political and social bodies, each body usually providing housing for its own employees. Some administrative bodies may also undertake housing for the general population apart from their employees.

In Czechoslovakia, allocation of housing appears to be co-ordinated through local officers of a National Committee. Bodies providing dwellings may recommend to the National Committee the allocation of such dwellings to employees of the bodies who are in permanent employment, do not possess a dwelling of their own, live in an unhygienic or overcrowded dwelling or are being evicted. The importance of each employee for the body's activities is a relevant factor in determining the order of priority. In general, it would appear that housing need is the criterion for a new dwelling and that differences in financial circumstances do not weigh heavily.

In Poland most of the new public dwellings were allocated directly by the building undertakings. Some of the dwellings were given to the worst-housed inhabitants of the towns, regardless of which undertaking they were employed by, and who were designated by the local soviets. Since 1 January 1957, however, the assigning of most houses has been entrusted to the local soviets. In assigning houses, no income distinctions are made.

In the USSR, the general principle that each enterprise or body allocates housing to its own workers appears to apply. Housing need seems to be the principal criterion, as in Czechoslovakia and Poland. The private sector is relatively somewhat greater in the USSR than in the other two countries since, as has been noted in Table 1, about half the total housing output in the USSR is publicly-aided as compared with 100 per cent in Czechoslovakia and 72 per cent in Poland. This greater area of private building, publicly assisted or not, tends to draw off demand from the higher-income families for publicly provided dwellings. The rent system provides for a lower rent for those on very low incomes but it is not clear to what extent the system of allocation of dwellings makes provision for these persons, who might tend not to be employed in the public enterprises and undertakings which provide the dwellings.

In Yugoslavia the practice is that the public body providing dwellings allocates them to its workers and employees in accordance with its own judgment. The communities provide dwellings for their own employees and also for members of the general public whose dwellings have been demolished in town-planning programmes or have been otherwise destroyed. Again, housing need unrelated to income qualifications appears to be the basis of the selection of tenants.

Table 3

Type of Housing Subsidized in Eastern European Countries

Country	Year	Housing by public bodies			Private Subsidized Housing			Total number of dwellings subsidized	Total number of dwellings erected
		Number (000's)	Percentage of total subsidized	Percentage of total erected	Number (000's)	Percentage of total subsidized	Percentage of total erected		
Czechoslovakia	1955	35.2	70	70	15.4	30	30	50.6	50.6
Poland	1956	56.0	94	60	4.0	6	4	60.0	94.0
Romania	1955	11.1	71	19	4.5	29	8	15.6	55.9
USSR	1955	672.0	87	44	100.0	13	7	772.0	1,512.0
Yugoslavia	1955	8.2	52	28	7.5	48	25	15.7	29.7
Total		782.5	86	45	131.4	14	8	913.9	1,742.2

Sources: - Czechoslovakia and USSR: Quarterly Bulletin of Housing and Building Statistics, ECE, Geneva, Vol. IV, Nos. 2 and 3, January 1957 and Table 1.
 - Poland, Romania and Yugoslavia: Official information supplied by Governments to the Secretariat.

The following tentative conclusions are put forward as a basis for discussion:

- (i) the role of public financial assistance as such in stimulating the output of house construction appears to be less than is sometimes thought, and where governments desire to achieve a high level of house construction methods other than subsidies appear to be necessary; in some countries unaided private enterprise can and has in fact achieved a high level of output;
- (ii) where public financial aid is given in the form of public-loan capital, the available funds should be distributed between the various social categories of housing in accordance with a fixed scheme based on the needs of each social category. Since the financial need is greatest in the case of lower-income families care should be taken to ensure that the income limits of the category of housing intended for such families are so drawn as to ensure that the needs of the lowest-income families are not neglected;
- (iii) where public-loan capital does not form the major method of assistance, the needs of the lower-income families can usually be met only if there are sufficiently active public bodies and non-profit associations to take the initiative in catering for the needs of lower-income families;
- (iv) limitations on the size and cost of dwellings which qualify for public aid may prove sufficient to ensure a social direction to housing in countries where (i) and (ii) are not appropriate, provided the limits mark a definite boundary between the preferences of higher- and lower-income groups;
- (v) where housing needs are particularly acute there is the danger that housing policy and subsidies will be directed to meeting urgent housing needs without due regard to actual financial need for subsidies. It seems desirable, where needs are particularly acute, to stimulate all forms of housing activity including unassisted or only lightly assisted private housing and to continue to reserve heavy subsidies for the needs of the lower-income families.⁽¹⁾

(1) Methods whereby subsidies are best related to financial need are considered in the next section of this paper.

2. The relation of subsidies to the financial circumstances of the occupant

The basic assumption in this section of the paper is that housing subsidies should normally be granted to the occupier of the dwelling rather than the builder. There are two kinds of financial need to be taken into account when considering such subsidies. The first is the financial need at the time of rehousing and the second is the financial need throughout occupation of the house. If, as suggested in the first section of this paper, the real importance of subsidies is in aiding lower-income families, there should be a clear relation between the subsidies given and the needs of individuals or income-groups. The fact, however, that a family is in need of subsidies in order to move into a new dwelling does not mean that its economic position will always be such as to require continued subsidization. Apart from individual changes in financial circumstances, long-term trends towards increasing real incomes, particularly of wage-earners, will mean that subsidies originally given will become unjustified in the light of subsequent circumstances. The rents of publicly owned subsidized dwellings erected before the war have become unrealistic in many countries in the light of increased post-war earnings. Owner-occupied houses erected before the war with capital grants have been resold since the war at great profit to the original recipients of the grants. Even within the post-war period as was shown in HOU/Working Paper No. 61 continued inflation and increased real incomes have reduced considerably the justification for many subsidies granted. Some, but not all, countries have borne these considerations in mind in their subsidy systems.

Information is not available regarding the methods whereby, in Austria, subsidies are related to the immediate financial need of individuals or income-groups. It appears, however, that public loans are made on terms that are not variable in the event of improvement of the recipients' financial circumstances. Public capital grants are also paid on an irrecoverable basis.

In Belgium, no income qualifications are prescribed for loans or grants. The only differentiation made between recipients of subsidies is on the basis of the number of children. Large families qualify for special low-cost loans from the Large Families Housing Fund; the rents of rented dwellings provided by the National Low-cost Housing Society are reduced by from 20 to 50 per cent, depending on the number of children; the state capital grants for owner-occupation are increased by 20 per cent for each child. The terms of loans are not variable and grants are irrecoverable

In Denmark annual subsidies and bigger public loans are granted in respect of dwellings provided by public bodies and non-profit associations and owner-occupied dwellings where the income of the tenant or owner does not exceed certain limits. These limits are fixed so as to correspond to the annual income of a skilled worker with full employment, with increases in respect of each child. Within this income category, special subsidies are granted where the income is particularly low as, for example, in the case of old-age pensioners and invalids. This latter housing subsidy, however, is expected to give way to a social welfare subsidy as from 1 April 1957. Special subsidies are also granted to families with three or more children coming within the income limit mentioned. These subsidies amount from 20 to 75 per cent of the rent, depending on the number of children. The general annual subsidies are payable only up to 1967 and will then be gradually abolished in the course of the period 1967 to 1974. No amortization is payable on the public loans until 1971, when the bulk of the annual subsidies will have ceased. Then the loans will be repayable over forty-five years.

In Finland the interest rate on public loans is variable; so far the rate has been kept at 1 per cent. No other form of subsidy is given and no differentiation on income basis appears to exist for the granting of these loans.

In France the principal means whereby the varying rent-paying capacity of individual families is taken into account in giving public financial aid to housing is by rent allowances. The income limits for these allowances are rather wide and families in both old and new dwellings are eligible. These allowances are independent of the normal subsidy system for new dwellings and may be regarded as a social welfare fund. The allowances are calculated according to income and size of family and the proportion of rent rebated may be as high as 75 per cent. In addition to these allowances, certain income differentiations are observed in the housing subsidy system. The general annual subsidy payable for twenty years without income qualification is raised from fr. 600/m² to fr. 1,000/m² for persons within certain low income levels. Bigger loans are also granted to tenant-purchasers under HLM agencies where there are three or more children or the person is at least 50 per cent disabled. The subsidy arrangements, whether by loan or annual subsidy, do not envisage any adjustment to meet changing economic circumstances.

In Ireland about 60 per cent of local-authority dwellings erected since the war are let at rents which vary according to the financial circumstances of the tenants. Most of these rents are based on a fixed proportion of family income, due allowance being made for dependents. The state grants paid to private housing are not differentiated on an income basis but supplementary grants by local authorities to private housing are restricted to lower-income applicants and may vary with income within the over-all limit. The fixing of the rents of local-authority houses on an income basis has not reduced the amount of state annual subsidies so far; the effect has been to redistribute subsidies paid per dwelling among the tenants in accordance with need. Local-authority subsidies to supplement the state subsidies have, however, been reduced by the system and, in the long run, if incomes rise sufficiently some reduction in the state subsidies, which are payable for fifty years, should result. The capital grants paid to private housing are irrecoverable and, except where a second grant is sought, no control is exercised over the selling price of a dwelling erected with the aid of a grant.

In Italy housing subsidies are confined within low income limits. Within these limits subsidies do not vary either initially or later with differences or changes in financial circumstances.

In the Netherlands the annual state subsidies paid to municipality and housing association dwellings are related to the dwelling and neither they nor the rents are differentiated on an income basis. A special rent allowance is, however, payable for five years, decreasing by one-fifth every year, to persons rehoused as a result of slum-clearance. The capital grant paid to private housing is also related to the dwelling and there are no income qualifications. Special annual subsidies for ten years and mortgage guarantees are, however, available for private dwellings within certain size and cost limits intended for lower-income persons. These subsidies vary with the size of the family. The annual subsidies paid in respect of municipality and housing-association dwellings are designed to produce a specific rent level related to the level of pre-war dwellings. This level is controlled by the state and where the level is raised to accord with current economic circumstances, as has been done on a few occasions, the annual subsidies are correspondingly reduced. It is the intention gradually to eliminate these subsidies in this way. The capital grants on subsidies paid to private housing are not recoverable except where the recipient of the ten-year subsidy fails to live in the dwelling for at least ten years. In such a case a proportionate part of the subsidy is recovered.

In Norway the system of loans and capital subsidies is based on average earnings in different areas and is not, in general, related to individual or group variations in income. An upper income limit applies to the capital subsidies but it is fairly liberal and unassisted housing is the result rather of the size and cost levels imposed on dwellings than of income limits. A special interest rebate is allowed, however, where there is more than one child under the age of sixteen. This rebate is granted on the State Housing Bank loans in municipalities where two-thirds of the Bank's loans have been granted. It is admitted that the basing of public aid on average incomes has militated somewhat against the interests of lower-income families and new proposals are under discussion designed to improve and extend to all areas these special interest rebates while reducing the real value of the general system of loans and grants. The capital subsidy is in principle regarded as a non-interest-bearing loan, repayable in the event of a general improvement on the economic circumstances of the recipients generally. So far no such repayment has been demanded but under the new proposals being discussed repayment of this subsidy will automatically commence after ten years. The terms of public loans as to rate of interest and amortization have hitherto been fixed for fifteen years at a time; the new proposals envisage the reduction of this period to five years.

In Portugal the dwellings erected by municipalities and other semi-public bodies for the very poor families have uniform rents related to average earnings. In the case of state-erected dwellings and certain dwellings erected with public aid by co-operative societies and the like, strict income limits which are fairly low are imposed and there are varying rent levels for the different income groups within those limits. There does not appear to be any provision for variations in subsidies to meet long-term changes in the economic circumstances of tenants, except that in the case of "economic-rental" dwellings erected by co-operative societies and the like a tenant whose income exceeds in time by more than 20 per cent the income limit originally imposed must vacate the dwelling.

In Spain subsidies are granted by means of public interest-free loans. These loans are not related to individual incomes except in so far as housing for lower-income families receives a greater amount of these loans. The state controls the rent levels and there is provision for a five-yearly review of the general rent level in subsidized dwellings. It is not apparent if the intention is to make the loans interest-bearing should the rent level rise sufficiently to warrant it. For particularly poor families there is a "social" type of dwelling with particularly low rents.

In Sweden the system of public loans and subsidies is in general unrelated to the financial circumstances of individuals or special groups. There are, however, special subsidies for families with two or more children within income limits which admit slightly more than half of otherwise eligible families. Consideration is being given at present to suggestions by a Housing Commission that the real value of the general subsidies be reduced and that the system of special subsidies for families with children be improved. It was suggested that the special subsidies should apply to families with one or more children within more strict income limits and that the amounts should be increased. The interest rate on public loans to housing has been heavily subsidized and the suggestions of the Commission envisage an increase in this rate not only for future loans but for loans already given. The capital subsidies were regarded in principle as supplementary loans to be repaid with interest if circumstances warranted. The Commission has suggested that repayment of these subsidies with interest should commence as part of the revised structure of housing subsidies.

In the United Kingdom the only state subsidies paid, in general, are the annual subsidies paid to local authorities. These subsidies are related to the dwellings and not to the individual circumstances of the tenants. Local authorities also subsidize the dwellings out of the rate fund. All the subsidies can be pooled, however, by the local authorities and apportioned over their housing estate in accordance with individual financial circumstances. Many local authorities have done this and active official encouragement is being given to such renting schemes. It is unlikely that the total amount of state subsidies will be reduced under such a system of renting, as these subsidies are fixed statutory amounts, but, in the event of an improvement in rental income due to improvement in individual incomes, subsidies by local authorities may be reduced, depending on the extent to which rents are allowed to rise.

In Western Germany the public loans for housing are confined in general within an income limit which corresponds to the limit for social welfare insurance. Within this limit there is some provision for differentiating between different income groups. The terms of the public loans are designed to produce a general rent level per m^2 but lower maximum rents may be fixed, and are in fact fixed, for families in certain particularly low income groups. In addition, rent allowances from public funds may be made in cases of hardship but, in practice, little use has been made of this power by the authorities concerned. It appears that two levels of

standard rents exist for "social" housing with public loans and that these are of general application within the relevant income limits, except where to a negligible extent rent allowances are given. The interest rate on the public loans is fixed having regard to the rent level desired and will vary according to the decision made from time to time regarding the rent level.

The relation of subsidies to financial need in eastern European countries may be considered separately from western European countries in view of the institutional differences in the rent systems.⁽¹⁾ In the public sector, while rents generally are at nominal or very low levels, account is taken of individual financial circumstances in assessing rents. There are different standard rents per m² for broad income or occupation groups but within these groups the rent varies, at least in the USSR, with income and the number of dependents. The rent system in eastern European countries can be adjusted to changing economic circumstances by fundamental changes in the standard rents per m² or, in the USSR, by individual variations due to the linking of rent to income subject to maximum rents. The private sector of housing construction in eastern Europe consists virtually entirely of owner-occupied dwellings.

The following conclusions are put forward tentatively as a basis for discussion:

- (i) In many countries, the subsidy systems are designed to meet average financial need at the time of rehousing within fairly wide income ranges. On the other hand, some countries have successfully related subsidies more closely to individual needs so as to avoid hardship on those whose incomes are below average and to reduce the danger of over-subsidizing those with incomes above average.
- (ii) There is a growing recognition of the desirability of relating subsidies more closely to individual financial circumstances. This tendency is becoming apparent with the reduction of acute housing shortages which make housing need rather than individual financial circumstances the prime consideration. Improved real incomes and the general economic strain imposed by heavy public aid to housing are other factors intensifying this trend.
- (iii) There are great administrative difficulties in designing a subsidy system that takes account of individual circumstances. Where subsidized housing is mainly provided through public or semi-public bodies in the form of rented dwellings, these administrative difficulties are greatly lessened

(1) See Economic and Financial Problems of Housing, ECE, Geneva, 11 April 1957, HOU/Working Paper 61.

and close relation of subsidies to individual need can readily be achieved by the renting authority. Where a large volume of subsidized housing is provided by non-public or private agencies a system of rent rebates at the central sources of public loans based on the number of children and general income limits seems administratively convenient. Alternatively, where there is a well-organized system of social welfare such a system might be used to give rent allowances in needy cases.

- (iv) Some countries have so designed their subsidy systems as to take account of the desirability of ensuring that subsidies can be reduced or eliminated where economic circumstances so improve as to reduce or remove the need for continuance of subsidies originally given on the basis of need at the time. This also includes repayment of subsidies already exhausted. Such a feature of subsidy systems is particularly desirable where acute housing shortages in the first instance resulted in subsidies being given on the basis of housing need rather than financial need.
- (v) Administratively convenient means whereby subsidies can be varied with long-term changes exist for all forms in which subsidies are mainly given. Where subsidies are given in the form of interest-bearing loans, the interest or repayment rate can be increased. Where subsidies are given in the form of capital grants, these should be regarded as interest-free loans to be repaid or to become interest-bearing at any time. Where annual subsidies are paid, they should be capable of being varied or withdrawn at any time.

3. The relation between housing subsidies and the cost of house-building

One of the main factors influencing the volume of housing subsidies in the post-war period has been the high cost of house-building.⁽¹⁾ On the other hand, one of the risks of a heavy volume of housing subsidies has been the danger that substantial subsidies may tend to inflate housing costs and counteract the efforts being made to achieve the reductions in real costs which are clearly realisable by technical and organizational developments. It is of the greatest importance, therefore, from the point of housing policy generally that subsidies should be framed in such a way as to act as a deterrent to cost inflation and, if possible, as an incentive to cost reductions. In this section of the paper the practices of different countries in regard to these aspects of housing subsidies are analysed and certain conclusions drawn as to the methods best adopted.

(1) See Economic and Financial Problems of Housing, ECE, Geneva, 11 April 1957, HOU/Working Paper 61.

In Austria public low-cost loans both to municipalities and private builders are limited to 90 per cent of the cost. It is not clear, however, if the actual cost or the estimated reasonable cost is the basis for calculating the amount of loan. If the dwelling exceeds 110 m² in size or is of better quality than normal in popular dwellings a higher contribution than 10 per cent is required from the builder, except where a family has more than two children. The maximum floor area allowed is 130 m². Lump-sum grants may also be given which are believed to amount to 20 per cent of cost but information is lacking at present regarding the basis of assessment of these grants.

In Belgium semi-public loans are given only where cost does not exceed certain limits, varying from fr.250,000 to fr.400,000, depending on the geographical area. The loans are normally only for 70 per cent of cost but those made through the agency of the semi-public bodies catering for special categories can go up to 95 per cent of cost. It is not clear if the amounts of loans are calculated on actual costs or estimated reasonable costs. The approval of the National Low-cost Housing Society is required to the financial aspects of proposals in respect of which loans are sought from the Society. The State lump-sum grants are given only where the size of the dwelling does not exceed 95 m², plus 10 m² for each child after the first.

In Denmark public loans for housing are supplementary to private loans. For housing by non-profit associations, the public loans may bring the loan capital up to 94 per cent of estimated value, for owner-occupiers within income limits up to 90 per cent and for housing without income limits up to 75 per cent. In the case of the latter type of housing, if the state loan on a dwelling exceeds kr.15,000 the excess part of the loan carries a higher interest rate. Up to 1955 the system of subsidy had been based entirely on low-interest loans. It was then considered that low interest rates did not provide an incentive to reducing cost since the extra annual charges arising from an increase in building costs would be small. The fact that loans were based on a percentage of cost also meant that the increase in down-payment due to increased building cost would be limited. These considerations were among those which caused the raising from 1955 of the interest rate on the state loans to an economic level for "social" housing and the introduction of annual subsidies calculated on the basis of floor area. These subsidies consist of an annual payment of kr.11/m² gross floor space, limited to 85 m² per dwelling. In recent years much stress has been laid on an effective cost control of house-building projects receiving public financial aid. Other aspects of this are the fact that strict maxima of building costs allowed are imposed as a condition of public financial aid. Also, there

are always many more applications for loans than can be granted. The projects are first presented to the authorities when they are at a preliminary stage; the most economical projects are then selected for complete preparation, which must be very thorough before a loan is granted. These different methods have, it is stated, together with some naturalization in the industry and increased competition due to decreased activity, contributed in recent years to reductions in building costs. Some of the reductions made, however, may also be attributable to a reduction in quality. In private publicly aided housing outside the "social" sector cost control is much less rigid.

In Finland the supplementary low-cost public loans are limited to bringing the total loan capital up to 90 per cent of cost. In practice, however, total loan capital is usually of the order of 75 to 80 per cent, with the state loans covering 35 to 40 per cent of total cost. The central institution for state loans for housing operates a rather strict control of the technical and economic planning of the projects for which loans are granted. The most desirable projects in the light of these and social considerations are selected for loans. The high annual costs and down-payments of new dwellings give a strong incentive to keeping costs down. In fact, a reduction of costs of about 5 per cent for stone houses took place from 1954 to 1955, when the level of the building price index was practically stable.

In France public or semi-public loans to housing are generally limited to from 20 to 80 per cent of the total cost, depending on the category and size of the dwellings. Dwellings of up to 90 m² may get loans from 60 to 80 per cent of cost while dwellings from 91 to 100 m² may get 35 per cent and dwellings from 111 to 130 m² may get 20 per cent. Proportions are granted of up to 85 per cent of cost to HLM housing where the municipality gives a mortgage guarantee and of up to 100 per cent to HLM housing for civil servants or to replace slum-dwellings. Annual subsidies payable for twenty years are based on a fixed sum per m² up to 90 m². This sum is increased by two-thirds for dwellings which do not cost more than a specified low amount. Flat-dwellings which exceed 175 m² and single-family dwellings which exceed 190 m² are ineligible for this subsidy.

In Ireland state housing loans to local authorities are normally 100 per cent of approved cost. The full technical and financial aspects of local-authority housing proposals, including the tenders submitted by building contractors, must be approved before state loans or subsidies are granted. Only the most economical

projects, complying with the minimum approved standards of quality, are sanctioned. As a result of this control, proposed housing schemes are often redesigned on a more economical basis or fresh tenders sought. Sometimes a 100 per cent loan is refused and the local authority is required to find the balance of the loan capital from its own or other sources. Standard cost limits per square foot or per dwelling are a feature of the cost control exercised. In addition, the annual subsidies to local-authority housing represent a maximum proportion of the loan charges on a sum regarded as the reasonable average cost for the type of dwelling in question. Public loans to private housing may not exceed 90 per cent of the estimated reasonable cost of the dwelling, including reasonable profit, less the capital grant. In addition, the amount of the loan may not exceed £1,800 in the major urban areas and £1,600 elsewhere. The capital grants are not conditional on cost regulation except that the total floor space of the dwelling may not exceed 1,400 sq. ft.

In Italy maximum cost limits calculated per room are imposed on dwellings erected by public and semi-public agencies. For state housing the limit is lire 380,000 per room and for INA-Casa housing the limit varies from 415,000 to lire 510,000, depending on the area and the services required because of climate. In addition, the dwellings cannot be of "de luxe" quality and cannot have more than five rooms apart from offices. Also, the floor area cannot exceed from 65 m² for a two-room dwelling to 110 m² for a five-room dwelling. The cost of land may not exceed 10 per cent of total cost and foundations may not cost, subject to a limit of lire 6,300/m³, more than 10 per cent of construction costs. The builders' profit is also restricted to a maximum of 5 per cent of total cost. The approval of the Ministry of Public Works to the financial and technical aspects of housing projects is necessary for the grant of public loans and subsidies. For private non-profit housing receiving public financial aid, no specific cost limits are prescribed, but in general the cost may not exceed the current market cost for popular housing. The same size limits as for popular housing are also imposed, except that a certain excess may be permitted where the dwelling is also used for a trade or profession or the family contains more than seven members.

In the Netherlands the annual subsidies to municipalities and housing associations are conditional on state approval to the land and building costs. Fixed cost limits are imposed for each type of dwelling, depending on the area, and the limits are applied with due regard to special circumstances. The limits are fixed on the basis

of periodic observations of wages and the cost of materials in the different areas. The cost control appears to have been effective in limiting variations in building costs to variations justified by movements in the cost of materials and labour. A cost limit is not a condition of the premium paid to private housing but a premium dwelling may not exceed 500 m³ in volume. In this sector of housing, the pressure on the market has made itself felt in housing costs to a greater extent than in the public or semi-public sector.

In Norway the rules for loans and capital subsidies have in both State Loan Institutions been formed with a view to encouraging the owner to limit the costs of building. The loans are based on the valuation placed by the Institution on the dwelling and not on the actual building costs. This valuation is related to the rent which the house may be expected to yield over a period and represents on average from 75 to 85 per cent of actual cost. The maximum proportions of the valuation that may be advanced range from 75 to 95 per cent depending on the building agency. The building costs in connexion with each loan application are carefully examined and no loan is made if costs exceed certain fixed maximum amounts. The capital grants are based on a fixed sum per square metre of floor area; the sum varies from kr.60 to 100, depending on the area. Dwellings in excess of 100 m² are ineligible for subsidy and the subsidy itself is payable only in respect of the first 80 m².

In Spain public loans to housing are limited to a maximum proportion of cost, which ranges from 35 to 80 per cent depending on the type of housing. In addition, maximum floor areas are fixed for the different categories of housing; these areas range from 50 m² to 200 m², depending on the type of housing.

In Sweden the state housing loans which are supplementary to private loans may carry the loan capital for multi-family houses from 60-to-70 per cent to 100 per cent of approved costs in the case of municipalities, to 95 per cent in the case of co-operatives and to 85 per cent in the case of other builders. For one-family dwellings, the supplementary state loans may carry the loan capital from 50 per cent of approved cost to 90 per cent; the part between 80 and 90 per cent is free of interest and repayment for ten years and is rather a capital subsidy. For both types of dwellings, the approved costs are frequently less than actual costs. In addition, as from the beginning of 1956, limits have been fixed for the approved costs which form the basis of loans. These limits are on the total cost of one- and two-family dwellings and on the cost per square metre of useful floor space

of multi-family houses. All projects for which state loans are sought are subject to thorough examination of their technical and economic aspects.

In the United Kingdom the Central Department's approval is required to the cost aspects of proposed local authority dwellings. There has been active research by the Central Departments, resulting in much guidance to local authorities on reducing costs. Where local authorities give loans to private persons acquiring or erecting new dwellings, the loans may not exceed 90 per cent of the estimated capital cost.

In the Federal Republic of Germany direct public financial aid is given only where specified floor-space limitations are not exceeded. These limits range from 85 m² in flat-dwellings to 160 m² for two-family dwellings. The limits may be exceeded, however, for large families or where a trade or profession is carried on in the dwelling. Dwellings which do not exceed the foregoing size limits by more than 20 per cent qualify for tax concessions.

In eastern European countries, the greater concentration of housing activity in public undertakings financing their own operations reduces the scope for the incentives to cost reductions which can and need to be associated with subsidies coming from a central source to special building agencies; on the other hand, public undertakings engaged in direct house-building operations have themselves the direct responsibility for reducing costs. Nevertheless certain measures to reduce costs akin to those associated with subsidies in western European countries have been taken in eastern Europe and particularly as regards public financial aid to private housing.

In Czechoslovakia, for housing planned for the years 1957 to 1960, maximum building cost limits have been imposed per average dwelling unit, starting at cr.90,000 in 1957 and decreasing annually to cr.80,000 in 1960. Adherence to these limits will be supervised through the branch offices of the Investments Bank. Loans to private housing may not exceed cr.25,000 in any individual case. No maximum cost limits have been fixed for these dwellings.

In Poland an attempt has been made to reduce the costs of construction by defining the investment credit limits for the different builders and by ensuring through the financing bank that the costs of the different parts of the construction do not exceed the amounts in the estimate. It is stated that these measures have not in practice been effective in reducing costs. In the case of private housing, public loans may not exceed from 70 to 80 per cent of cost subject to a maximum limit of zl.70,000 but in practice loans represent little more than half the total cost.

In the USSR public loans to general private housing are from roubles 7,000 to 15,000 but up to roubles 30,000 may be granted to private housing in new development areas and up to roubles 50,000 in the Far North. In the latter two categories the state pays up to 70 per cent and 75 per cent respectively of the payments on the loan.

In Yugoslavia public loans to private housing are limited to 75 per cent of cost. The total amount of the loan in each case does not appear to be limited.

The following tentative conclusions are presented for discussion:

- (i) public financial aid to housing should come as far as possible from one or a limited number of sources, so as to provide an opportunity of attaching cost limitations to assistance which are essential if the risk of inflating building costs is to be avoided;
- (ii) in granting subsidies by means of low-cost loans, consideration should be given to the fact that such a method of subsidy carries the danger that a sufficient disincentive to increasing costs is not given since the amount of the loan may increase with increasing costs. The dangers inherent in this form of subsidy can be reduced by requiring as large a minimum contribution from personal sources as is reasonable and by limiting the total amount of the loan. Also, in assessing the cost on which loans are based, the estimated reasonable cost of construction rather than actual costs should be taken;
- (iii) where capital grants or annual subsidies are paid, the amount should vary with the size and amenities of the dwelling and, if there are regional variations in cost, with the area;
- (iv) there should be maximum size and cost limits for dwellings receiving public financial aid. The cost limits should take into account regional cost differences and could be enforced as over-all cost limits or maximum cost per square metre of floor area;
- (v) public financial aid in general should be conditional on the adoption of economical forms of construction and the technical aspects of housing proposals should, therefore, be subject to approval, where administratively convenient, of the subsidizing authorities;

- (vi) most of the measures taken to ensure economy in house construction when subsidies are given involve administrative control, including as a rule a considerable degree of technical vetting of plans. There is the danger that it may be taken for granted that reference to public authorities is in itself a guarantee of economy, and consequently there is considerable scope for discussion of the effective types of controlling action taken by public authorities referred to above.

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HOUSING COMMITTEE

(Item 5 of the provisional agenda
of the fourteenth session)

FINANCING OF HOUSING IN EUROPE⁽¹⁾

The Position of Housing in the Over-all Financial Framework:
Western Europe⁽²⁾

Discussion paper prepared by Mr. J. Seip (Norway)

1. Investment needs and actual investment in housing in western Europe as a whole

A rough calculation of investment needs in housing could start from replacement needs and population increase⁽³⁾. The average annual population increase in western Europe for the period 1956 to 1960 has in a recent forecast been put at up to 0.72 per cent⁽⁴⁾. Family formation has recently been so high as to suggest a net increase in the number of families which would be relatively higher than the population increase⁽⁵⁾. The situation may, however, be changing in this respect because the majority of candidates for new marriages will now be people born in the 1930's, when the number of births was in most western European countries relatively low. Because of low death rates, falling age at marriage and apparently also an increased number of the adult population becoming married, it seems, however, likely that the number of married couples will increase by a percentage at least as high as the rate of increase of the total population. It is therefore assumed that the rate

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- (1) The other papers to be issued on this subject are listed in the last paragraph of HOU/Working Paper No.59.
 - (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) See European Housing Progress and Policies in 1953, ECE, Geneva, August 1954, (E/ECE 189), pages 14 to 17.
 - (4) Eighth report of the Organization for European Economic Co-operation (OECE) - Europe To-day and in 1960, Vol.II, Paris, April 1957.
 - (5) See J. Hajnal: "Age at Marriage and Proportions Married", Population Studies, Cambridge University Press, London 1953, Vol. VII.

of increase of population of 0.72 per cent can be taken as a reasonable starting point when calculating current housing needs arising from demographic changes. It can be estimated that western Europe has at present some 260 to 270 dwellings per thousand inhabitants⁽¹⁾. To maintain this relation at a population increase of 0.72 per cent annually, it would be necessary to build about 1.9 dwellings annually per thousand inhabitants.

Current replacement needs would vary very much from one country to another, owing inter alia to differences in the age distribution of the housing stock. If annual current replacement needs are estimated at 0.67 per cent of the existing housing stock⁽²⁾, it would be necessary to build 1.75 per cent dwellings per thousand inhabitants as an average for western Europe to cover these replacement needs. Adding this figure to that found in connexion with the population increase, it will be found that only to keep abreast with the situation, it would be necessary to build some 3.65 dwellings per thousand inhabitants annually during the early years to come. This figure should of course be taken as a very rough estimate of the order of magnitude. It is, however, likely that the actual need for house-building to keep abreast with the situation will be rather higher than this, inter alia because of the effect of internal migration on housing needs.

In addition to these investments in new dwellings would come a rather important demand for current repairs, major repairs and conversions, which would be necessary to prevent the housing stock from growing obsolescent. Current needs can here hardly be estimated with reasonable accuracy. It seems, however, reasonable to exclude current repairs from the account, since normally these expenses do not include particular problems of financing of housing (although the problem of reasonable coverage of expenses for current repairs is closely connected with rent policy). Adding a reasonable estimate for investments in conversions and major repairs necessary to prevent a deterioration of the situation, it would seem that total annual current investment needs for housing would, as an average for western Europe, at present correspond to the value of four to five new dwellings per thousand inhabitants.

(1) See: The European Housing Situation, ECE, Geneva, January 1956 (E/ECE 221), particularly Table 12.

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

On the basis of preliminary figures for a number of countries⁽¹⁾, it can be estimated that the average investment per new dwelling in western Europe was in 1955 slightly below US \$5,500. Combining this figure with the figure just found for current investment needs in housing, it will be found that current investment needs for housing would correspond to some US \$25,000 annually per thousand inhabitants. Since the gross national product per inhabitant was, as an average for Western Europe, about US \$770 in 1955, the necessary current investment in housing would take some 3.2 per cent of the gross national product.

It has recently been estimated that total consumption in western Europe can be expected to increase by some 2.8 per cent of the 1955 consumption annually during the period 1955 to 1960⁽²⁾. If housing consumption should increase by the same rate, it would be necessary to increase the real value of the housing stock by the same percentage, either by increasing the number of dwellings and rooms or by improving the quality, or both. It is reasonable to assume that this would require an annual investment corresponding roughly to 2.8 per cent of the present value of the existing housing stock. The value of the existing housing stock is hard to estimate, but it seems likely that for western Europe it is of the same order of magnitude as the gross national product. This would involve postulating that the average value of a dwelling in the existing stock is about half the value of a new dwelling. On this assumption it would be found that the investment in housing necessary to follow the general rise in consumption would be between 2.5 and 3 per cent of the gross national product, and accordingly of the same order of magnitude as the necessary investment to keep abreast with the situation and avoid its deterioration. Taking the two components together, it would appear that necessary investment to cover current needs and follow the general trend of consumption would correspond to about 6 per cent of the gross national product.

In addition to needs already mentioned, come needs to cover the backlog in housing supply caused by war-damage, sharply reduced house-building during the war and limited house-building even during the early post-war period. This is partly a backlog in number of dwellings and rooms, which can be demonstrated by a smaller increase since before the war in housing stock than in consumption in general. To a considerable extent there is, however, also a backlog in replacement needs, since in most countries the demolition of obsolescent dwellings has been negligible since the war. A discussion of the amount of necessary investment to cover this

(1) Bank of International Settlements, 26th Annual report.

(2) Eighth report of the O.E.E.C. - "Europe Today and in 1960", Vol.II, Paris, April 1957.

backlog, may be considered to be outside the scope of the present paper, but as an indication it could be said that if housing consumption per capita and per family should, within a reasonable time, be brought to the same level compared with pre-war consumption in general, it would for western Europe as a whole necessitate an investment which could hardly be lower than investment for coverage on current housing needs; that is, it would require at least some 3 per cent of the gross national product.

Investment in housing, including new constructions, conversions and major repairs, was for western Europe as a whole in 1955 estimated at some US \$10.5 billion. This is about 4.5 per cent of the gross national product. Actual investment in housing was accordingly well above the investment required to meet current needs, but not sufficient to increase the housing stock proportionately with the general increase of consumption. The gap between the general consumption situation compared with pre-war and the housing situation, was accordingly increasing instead of being reduced. Investment in housing was for western Europe as a whole slightly below one-quarter of total gross fixed investment and somewhat below half of investment in construction and works.

The greater part of investment in housing is investment in new construction of dwellings. As mentioned above, the average cost per dwelling was in 1955 something like US \$5,500 (converted on the basis of exchange rates). This was more than seven times the average national income per capita and probably some four times the average income of an adult male worker. This may serve to demonstrate that only a limited part of this investment can in most cases come from the means of the prospective occupier of the new dwelling, at least when new dwellings are built for people with normal incomes. It is true that in rural districts a considerable number of the new dwellings have been built by the prospective occupiers with the help of the family and neighbours and without much loan capital. In a great number of cases it has, however, not been possible to build dwellings of a modern standard in this way, and the extent to which house-building can thus be carried out has also been limited by the need to utilize the available building land more economically than is possible with small detached houses. For these reasons house-building will be relatively dependent on the credit market or public loans or investments. Many of the other important sectors of investment have better possibilities than housing for providing the funds for investment outside the credit market. Thus investment in industry and

other branches of private business, can largely be based on the profit of the firms, while, for example, investment in schools and roads is traditionally based on public budgets. For these reasons housing will normally play a more important role in the demand for credits than would be indicated by its part of investment. This will be particularly so as regards the net increase of loans for different purpose during a period of expansion, because housing loans would generally have to be long-term loans, so that the repayment would be relatively unimportant compared with most other loans.

2. Investment in housing in different western European countries

The table below gives some information on the actual position of housing investment within the economies of most western European countries. ⁽¹⁾ It will be seen that there are great variations not only in the number of dwellings completed per thousand inhabitants, but also in the part played by housing investment in relation to the gross national product, total fixed investment and investment in construction and works. It will also be seen that the variations are rather different from one country to another, so that for example one country may have a high number of dwellings completed but devote a relatively low proportion of its investment to housing. Some of the explanations of these differences of variation can be found by studying the information given on cost per dwelling. A more complete analysis of the table would, however, also require explanations of why the level of house-building is higher in one country than in another. This is a very complicated issue which can hardly be fully studied within the framework of an economic analysis, because inter alia, purely political considerations are frequently involved. A few examples of explanations are given below. This analysis should be further developed in the final study.

The fact that the number of dwellings built per thousand inhabitants has been higher in the Federal Republic of Germany than in other countries should be seen against the background of the bad housing situation in that country. Norway, which comes next, has also had a relatively bad housing situation compared with the general economic situation of the country, and this could perhaps also be said of Sweden, where incomes are high and dwellings small. Finland has had a particularly acute housing shortage, and these three countries as well as, probably, Switzerland, have been in process of urbanization and internal migrations, which create special needs for

(1) Figures are lacking for Turkey and Portugal.

Table
Investment in Housing in Selected Western European Countries

Country	1954			1955		
	Investment in dwellings ^(a) as percentage of:			Number of dwellings completed per thousand inhabitants	Number of dwellings completed per thousand inhabitants	Cost per dwelling completed (thousands of US \$)
	Gross national product	Total fixed investment	Investment in construction and works			
Austria	4.6	21	45	5.8	6.0	4.6
Belgium	3.4	25	44	5.1	4.7	6.9
Denmark	3.3	17	41	5.3	5.4	5.2
Federal Republic of Germany	5.9	28	61	10.3	10.3	4.2
Finland	6.9	27	..	7.4	7.9	..
France	4.1	25	48	3.8	4.9	8.8
Greece	4.3	32	48	..	..	..
Ireland	..	19	32	3.8	3.5	..
Italy	4.5	23	..	3.7	4.6	5.1
Netherlands	3.4	16	38	6.6	5.8	3.7 ^(b)
Norway	5.3	17	35	10.4	9.5	5.5 ^(b)
Spain	..	25	42	1.4	4.2	..
Sweden	5.0	24	38	8.2	7.8	7.3
Switzerland	6.2 ^(c)	..	28	7.3	7.7	8.7
United Kingdom	3.4	26	51	7.0	6.5	5.4

Sources: - Cost per dwelling : Bank of International Settlements, 26th Annual Report.
 - Other items : European Housing Progress and Policies 1955 (Document E/ECE/259), Geneva, August 1956.

Note: The sign ".." = "figure not available".

(a) New construction, conversions and major repairs.

(b) Corrected figure based on information supplied by Norwegian authorities.

(c) Percentage of national income.

house-building. Sweden and Switzerland may also have greater opportunities than other countries to devote a relatively important proportion of their resources to housing, because other shortcomings have not been so important there as elsewhere. The relatively low number of dwellings completed in southern European countries and in France should mainly be seen against the background of difficulties in directing sufficient resources towards housing.

The high proportion of the gross national product devoted to housing in Finland could hardly be fully explained on the basis of the relatively high number of dwellings completed. Another explanation seems to be a relatively high investment per dwelling compared with the national income per inhabitant. This is also the case for Switzerland, where investment per dwelling seems to have been particularly high. On the other hand investment per dwelling was low in the Netherlands, and this explains why this country is among the western European countries with the lowest percentage of gross national product devoted to housing. Denmark and the United Kingdom also have a relatively low investment per dwelling and a relatively high national product per inhabitant, and accordingly come relatively lower in percentage of gross national product devoted to housing than in number of dwellings completed.

The fact that the part of total fixed investment devoted to housing is particularly high in Greece is due to the fact that the total fixed investment is relatively low in that country. For 1954, the year mentioned in the table, the same is to some extent true for the United Kingdom and Belgium (however, since then investment in other sectors in the United Kingdom has been rising sharply). On the other hand the explanation of the low proportion of total fixed investment going into housing in Norway is to be found in the high investment rate in that country. Similarly the particularly high proportion of investment in construction and works going to housing in Western Germany in 1954, and the relatively high proportions in the United Kingdom, France and also Greece, is explained by the relatively limited building activity within other sectors there. On the other hand the low figure found for Switzerland in this column is due to a particularly high building activity in other sectors.

It is rather difficult to indicate probable future trends in the position of housing investment within the over-all financial framework. This is mainly due to the fact that the amount of house-building is largely a policy question, and that in the case of economic difficulties it is frequently easier to limit house-building than most other activities. The calculations made in the previous section of this paper,

should, however, indicate that starting from housing needs and comparing with other sectors of consumption, it seems far more reasonable to assume a further expansion of house-building than a reduction. This point of view as regards housing needs is developed somewhat further in the study of The European Housing Situation.⁽¹⁾ It appears from this study that further expansion of house-building is definitely necessary in all the Mediterranean countries and in France, while expansion could also be expected in the Netherlands and Sweden. For the other countries, the study concludes that the continuation of house-building on the 1954 level for roughly the next ten years would not be excessive, with the possible exceptions of Norway (where a considerable reduction has now already been undertaken) and Switzerland.

3. Position of housing in employment

Very little precise information is at present available in this field, and the figures to hand seem to cover such varying concepts that comparisons between countries are impossible. The only country for which a precise figure of the number of persons employed in building of new dwellings is available, is the United Kingdom, where the figure in October 1956 was 328,000. Some other countries indicate figures, including employment on conversion and maintenance of dwellings. Both concepts have a certain interest, since employment on new constructions and maintenance depend on different types of policy measures. None of these figures, however, fully illustrates the importance of housing for employment. First, there is the employment of building workers engaged in building and construction indirectly related to house-building, e.g. water- and sewerage-schemes. Secondly, there are people engaged in the fabrication of building materials and components.

It is hardly possible to obtain precise statistics on employment in house-building covering all these aspects, partly because the same firms are employed in the building of dwellings and construction of other buildings, or in manufacturing at the same time building material for a number of different types of buildings, and because water- and sewerage-schemes serve other buildings as well as dwellings. On the whole, it does not seem to be possible, and in any event, hardly necessary for the present study to carry the analysis of this point very far. Perhaps some approximative information could be compiled on the basis of figures given on labour necessary to build and maintain a normal dwelling. The figure quoted above as regards the United Kingdom indicates that the labour force on site is roughly one man per new dwelling constructed in the course of a year. Perhaps countries with no total statistics in this field could indicate some normal or average figures for all the categories mentioned above, figures which could be used for approximate calculations.

(1) ECE, Geneva, January 1956, E/ECE/221, particularly page 51.

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

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fourteenth session)

THE FINANCING OF HOUSING IN EUROPE

Private financial institutions in housing⁽¹⁾

Provisional report prepared by Mr. Salatin (France)

INTRODUCTION

The diversity of the forms taken by private institutions collaborating in the financing of housing makes their classification a difficult matter. The drawing of a clear distinction between public and private financing is sometimes a hard - or arbitrary - task, some of these bodies being semi-public and semi-private. Moreover, certain institutions, reasonably comparable internationally, with similar methods of financing, have, through legislation - and sometimes because of fortuitous circumstances - either public or private status, depending on their situation. For instance, in many countries savings bank deposits are partly used, directly or indirectly, for long-term housing loans, but in some these banks have a private status, whereas in others they, or the central bodies managing their funds, are official bodies. Although the sources of the funds and the financial technique employed may often be practically the same in both cases, the juridical character of these bodies and, consequently, of the loans granted by them is different.

This complex situation calls for great caution in interpreting comparisons between the financing methods followed in the various countries of Europe, which have different political structures, legal institutions and financial traditions. With this reservation in mind, the sources of private financing may be grouped

(1) Titles of the other documents to be published on the financing of housing are given in the last paragraph of document HOU/Working Paper No. 59.

in two main categories:

- I. Capital investment.
- II. Loans.

* * *

I. CAPITAL INVESTMENT

By capital investment is meant funds belonging to the owner which he invests in the building erected either for occupation or for letting.

A. Case of the owner who builds for occupation

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 permits 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 nor speculative gain, but the acquisition of a house.

The relative importance of this method of financing varies with the countries and is dependent upon the following factors.

First, there are naturally the habits of the people and the volume of housing requirements. 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, as, for instance, if the state of the real estate market were to encourage the hope that, if he had to sell his house, he would be able not only to repay the loans he had contracted, but also to recover his own contribution and even make a profit. A serious housing shortage, however, also encourages persons who are looking for a house - or who wish to move to a better house - sometimes 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.

Most countries in both western and eastern Europe encourage house-ownership, admittedly by different means (tax reliefs, facilities for additional loans, etc.) This encouragement varies in scale according to country, although certain States do not extend to ownership the grants given for building and even seem to discourage it (the Netherlands and until quite recently the United Kingdom).

The contribution required of a person joining a tenants' co-operative, such as exist in certain countries (e.g. Sweden and Switzerland), can be likened to that made by a family wishing to own their own home. Looked at 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.

B. Case of the owner who builds for letting

Investment of his own capital by an owner in a building for letting has long been one of the main sources of private financing of housing. This source had dwindled in Europe after the first world war and during the second world war it practically 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 those countries whose economies have retained certain liberal features, and in which progressive increases in - or complete decontrol of - rents have been authorized.

This form of financing exists for buildings constructed without assistance from the public authorities, but it is also frequently found in the case of private house-building for letting which receives such assistance in one form or another (subsidies, rebates on interest rates, low-interest loans, etc.). In either case, however, it very rarely covers the total cost, and the balance required is almost always provided by private or official loans.

It has unfortunately been impossible to determine the volume of this capital in the different countries, but it has certainly once again become a by no means negligible proportion of the private capital invested in housing to-day in western Europe - a proportion which is probably quite considerable in certain countries, such as 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 part of the funds contributed by owner-occupiers, since some of the latter will want to let their dwellings, on short or long leases.

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 in Europe is tending more and more to take the form of blocks of flats, which require more capital than in former days. The purchase of real estate stock, particularly if it is quoted on the stock exchanges, gives opportunities for dividing up and mobilizing capital that would not normally be provided by direct investment by an individual 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, loans etc. 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 countries, both in eastern and western Europe, States are promoting its use both by nationalized undertakings and by private enterprise. The scope of this source of financing is thus increasingly wide, although its extent varies from country to country. Taking a broader view, however, it must be noted that the excessive development of such a method of financing housing may have the drawback of laying a by no means negligible additional charge on production, and also that care must be taken to avoid setting up in that way any connexion between the worker's labour contract and his dwelling.

II. PRIVATE LOANS

Disregarding short and medium term advances granted to facilitate the purchase of land or given merely for the building period, private housing loans usually run for five years at least, though rarely longer than 25 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 the public authorities for the payment of interest or repayment of capital. In the latter case, the period of the loans sometimes exceeds 25 years. Private loans, moreover, 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, although perhaps in over-simplified terms, in the following categories:

- direct loans between private individuals
- loans granted directly or indirectly by savings banks
- loans by building societies
- loans by insurance companies
- loans by banks and building loan societies.

A. Direct loans between private individuals

No country appears to keep records that would allow any accurate evaluation of loans of this type. In all existing studies this source of financing, because of the impossibility in practice of making any distinction, is generally confused with the direct capital investments of owners in their own buildings (see Section I). Hence the countries where they are the most widespread are the same.

These loans are of very different kinds, with widely varying rates of interest, which are often low when a friend or a member of the family has to be helped, but which may be **exorbitantly** high when it is a matter of getting additional finance that the owner has failed to raise with local credit bodies. Generally speaking, the period of such loans does not exceed 15 years.

In certain countries, special agencies or lawyers bring borrowers and lenders together, which creates a sort of market tending to standardize borrowing procedure and rates of interest and facilitating 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 even no interest 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, while it not only concludes the contracts but also collects interest payments 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 because of a legal obligation to do so.

B. Loans granted directly or indirectly by savings banks

This is a method of financing found in many countries, in some of which it plays a very important role, and calls for special attention. Loans granted by savings banks - either directly or indirectly - make use of capital which is payable on demand or at short-term, i.e. their deposits, for long-term investments usually repayable in fixed yearly amounts over a period which is frequently 25 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 the risk of embarrassment to the lending establishment as a result of savings withdrawals. Similarly, the ratio of building loans granted by the savings banks to their overall investments 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 the savings banks do enjoy the benefit of special legislation which, either by saving clauses, a State guarantee or some other method, enables them to curb excessive withdrawals of deposits. Nevertheless, the long experience of most European countries, which have passed through serious crises, goes to show that a large proportion - in fact probably more than half - of the savings banks' deposits can be invested in long-term building loans without giving rise to any particular difficulty. This form of financing has the obvious advantage of using capital whose rate of interest - that of the deposits - is practically the same as the short-term rate and is therefore lower than that obtainable in the long-term money market.

Building loans granted by savings banks are particularly common in Sweden, the Federal Republic of Germany, France and Belgium (in the last two countries, through the intermediary of a central public institution).⁽¹⁾ Generally speaking, they favour certain private contractors, such as the low-rent building companies, and often receive benefits granted by the public authorities depending on the particular method followed in each country.

C. Loans by building societies

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

(1) The special system of the United Kingdom "building society" is examined in the following section.

which the last of the original members can draw the capital required for his house will be shortened. Experience, incidentally, 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 withdrawals.

This type of organization has been in existence in the United Kingdom for a hundred years and is now widespread. To-day building societies accept deposits from persons who have no intention of building and, in fact, they are private savings banks specializing in housing loans. The prominence they have achieved among United Kingdom financial institutions is largely due to the fact that in that country there were hardly any other forms of savings bank. The building society has long been - and still is - one of the main instruments for the financing of housing in the United Kingdom.

There are building societies in other countries of Europe, although not of such scope, and with specific differences in their rules for financing. They are mainly to be found in the Federal Republic of Germany.

D. Loans by insurance companies

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 disincentive to investment in real estate in almost all European countries naturally resulted in a reduction in such investments, which, in all those countries that had experienced severe inflation, 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, the Housing Committee has not had at its disposal sufficiently detailed material to enable it to assess in every case the relative importance of such capital in the different States. This type of investment, however, seems to play an important role in a fairly large number of west-European countries (Federal Republic of Germany, Sweden and, to a certain 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.

E. Banking institutions

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 west-European countries, under various names (real estate credit or mortgage societies, land banks, credit associations, etc.). A brief analysis of their methods of operation in various countries has already been given in chapter V of the document "Methods and Techniques of Financing Housing in Europe", published in March 1952 by the Housing Sub-Committee (E/ECE/IM/HOU/38). These methods do not seem to have undergone any considerable change since then. 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⁽¹⁾. 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 come from other sources, however, such as public funds and deposits.

In most countries, there are a few long-term building loans granted by ordinary banks. On the other hand, these often play an important part in certain countries - e.g. 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 in advancing funds during the building period. These credits and advances often take the form of current accounts.

* * *

(1) As in the east-European countries, where the banks have been nationalized.

Disregarding the intermediary bodies which frequently act as collectors, private long-term investments in housing have a three-fold origin:

1. Long-term investments by the public: - capital investment by the owner himself - plus purchase of stock in real estate companies, loans between private individuals, purchase of long-term bonds or debentures issued by finance establishments against housing loans granted by them;
2. Short-term deposits by the public with bodies which use such funds for long-term loans: - building loans granted by savings banks and building societies, and also loans by certain banking establishments, partly against deposit or current accounts.
3. Annual insurance premiums of all kinds: - building investments made by insurance companies out of their reserves.

The relative importance of these three sources of financing varies with the 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 experience has shown to be successful, are regarded with suspicion elsewhere, and are strictly controlled or sometimes even prohibited.

In this field, a closer and more frequent exchange of experience between the responsible authorities of the various European countries would enable certain countries to improve their financing systems, either by closer adjustment to savings methods or by a simplification of systems which in the course of time have become cumbersome.

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 5 of the Provisional Agenda for the Fourteenth Session)

THE FINANCING OF HOUSING IN EUROPE

Current Sources of Capital: Eastern Europe⁽²⁾

Working paper prepared by Mr. N. Datskov (Bulgaria)
for consideration by the Committee

The economy of socialist countries, which is developing at a rapid pace, provides a firm basis for an extensive and ever-increasing housing programme in those countries. Data on the vast amount of living space made available for use clearly indicates the large scale of the housing programme in socialist countries.

For example, in the USSR in 1956 dwellings with a total living space of 36 million m² were built by State and co-operative organizations and also by private individuals in towns at their own expense and with the assistance of State loans, while in the countryside some 700,000 dwellings were built by collective farm workers and the village intelligentsia.

The sixth five-year plan of the USSR (1956-1960), in accordance with the directives of the Twentieth Congress of the Communist Party of the Soviet Union, provides for the building of living accommodation with a total space of about 205 million m² - that is, nearly twice as much as under the fifth five-year plan - while the planned figure for private housing to be paid for out of personal savings and with the assistance of State loans is about 85 million m².

In the People's Republic of Bulgaria, during the last four years of the second five-year plan (1953-1956) alone, 5,437,000 m² of living space were built, 1,790,600 m² being made available for use in 1955, and 1,693,400 m² in 1956.

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- (1) It is regretted that this document was received too late for translation in time for the session.
- (2) The other documents to be issued on the financing of housing are listed in the last paragraph of document HOU/Working Paper No. 59.

In the Republic of Czechoslovakia the five year plan for 1956-1960 provides for the building of living accommodation to a total value of 35,400 million crowns.

In the Republic of Poland the planned figure for living accommodation to be built in towns and town-type settlements during the same period alone is about 1,200,000 dwellings (exact figures not yet available).

These vast housing programmes require investment on a large scale. In socialist countries, funds for investment in housing are provided both from public (mainly State) funds and from the personal savings of workers themselves.

The main sources of finance for housing carried out by the public sector are:

- (a) State investment;
- (b) investment by State enterprises;
- (c) investment by co-operative and public organizations.

The greater part of public investment in housing is determined, and carried out, in accordance with the State plans for the national economy. A second and lesser part of public investment is carried out over and above the State investment plans.

Funds for investment in housing carried out under the State plans are provided by special allocations from the State budgets and budgets of local authorities, allocations from the planned profits of industrial enterprises and from a number of other sources. There is no special indication in the revenue side of the budgets of the sources of capital investment in housing, though one may obtain a rough idea of those sources by examining the items of budget revenue. The main source of budget revenue in socialist countries is the income from the national economy. Thus, in 1955, income from the national economy represented 74.6 per cent of the total budget revenue in Poland and 75.5 per cent in Bulgaria. According to the State budget of the USSR, revenue from the national economy should constitute 85 per cent of the total budget revenue for 1957, and, according to the Bulgarian budget, 77.3 per cent.

The main sources of finance for housing carried out over and above the State investment plans are special funds left at the disposal of industrial enterprises and assigned for improving cultural and recreational conditions for workers and for raising output. These funds are made up mainly of allocations from the planned profits of industrial enterprises and from profits in excess of the planned amount,

and of sums allocated from a number of other sources. In industrial enterprises in Bulgaria the allocations amount to 3-5 per cent of planned profits and 30-50 per cent of profits in excess of the planned amount. A considerable part of these funds, spent by directors of the enterprises in agreement with the factory trade union committees, is used for building living accommodation for the workers in the enterprise concerned.

In the USSR, State enterprises and local Soviets of workers' deputies use the following funds for housing over and above the State investment plans:

- (a) profits from the sale of consumer goods manufactured from the waste products of the enterprise in question, which are left at the disposal of the enterprise and of which up to 50 per cent may be spent by the director of the enterprise on building living accommodation for the workers;
- (b) prizes awarded to enterprises which are successful in the all-Union socialist competition, part of which may also be used for financing housing;
- (c) revenue received surplus to estimates in the State budgets of member-Republics of the Union, which may be assigned by Soviets of Ministers of member Republics for housing over and above the State investment plans;
- (d) funds accumulated by local industrial enterprises, part of which may be assigned by Soviets of Ministers of member-Republics and Executive Committees of local Soviets of Workers' Deputies for construction over and above the plans for capital works, including housing construction;
- (e) a number of other sources which represent only a small proportion of the total financing of housing.

In the USSR housing carried out by co-operative and public organizations is financed from the following sources:

- | | |
|-----------------------------|---|
| By collective farms | - from the non-distributable funds; |
| By producers' co-operatives | - from long-term credit funds, sinking and other funds; |
| By consumers' co-operatives | - from the repair and building funds and other funds; |

- By house-builders' co-operatives - from contributions of members of the co-operatives and other private funds;
- By societies of writers, architects, composers, artists and other public societies and organizations - from the funds belonging to those organizations.

In other socialist countries there are similar sources for financing housing, and additional ones as well.

Side by side with the vast State and public housing programme, private and co-operative housing has been developed on a large scale in socialist countries, such housing being financed partly from the personal resources of private individuals and partly by State funds made available to workers on favourable terms. In the last few years in particular, private and co-operative housing has shown a very clear tendency to develop further in the USSR, Bulgaria and Poland.

This tendency has been encouraged by the constant rise in the material and cultural level of the working people and also by special steps which the socialist States have taken to expand private and co-operative house building.

The proportion between public and private building is not the same in different countries.

As regards the USSR, the figures given below for total living space made available for use indicate the size of the housing programme undertaken both at State expense and by private individuals with their own resources.*

Period	Living accommodation made available for use			
	By state enterprises and organizations and local Soviets of workers' deputies		By private individuals in towns at their own expense and with the assistance of state loans	
	Millions of m ²	Percentage increase over the period 1929-1932	Millions of m ²	Percentage increase over the period 1929-1932
First five year period (1929-1932)	32.6	100.0	6.1	100.0
Second five year period (1933-1937)	37.2	114.1	5.0	82.0
3½ years of third five year period (1938-1 July 1941)	34.4	105.5	7.6	124.6
1 July 1941 to 1 January 1946	41.3	126.7	8.5	139.3
Fourth five year period (1946-1950)	72.4	222.1	30.4	498.4
Fifth five year period (1950-1955)	105.4	323.3	38.8	636.1

* Figures given do not include:

- (a) housing carried out by enterprises and organizations over and above the capital investment plans. This amounted to about 10,000,000 m² of living space built and made available for use during the period 1951-1955 alone;
- (b) housing carried out by collective farmers and the village intelligentsia at their own expense and with the assistance of State loans. During the period 1951-1955 alone, collective farmers and the village intelligentsia built 2,300,000 dwellings.

These figures show that there has been a particularly steep rise in the amount of housing carried out by workers at their personal expense during the post-war period. While the volume of State housing increased by 3.2 times during the fifth five-year period in comparison with the first five-year period, the volume of private housing in towns increased over the same period by 6.4 times.

In Bulgaria, perhaps as a result of certain national traditions, the proportion of private investment (including bank loans) to the total volume of investment in housing is relatively high, - more than 50 per cent, as may be seen from the following table:

(percentage)

Year	Total investment	State and other public funds	Resources of private individuals, including bank loans
1952	100	47.9	52.1
1953	100	45.7	54.3
1954	100	53.5	46.5
1955	100	44.7	55.3
For all four years	100	48.1	51.9

The table shows clearly that, with the exception of 1954, the proportion of private investment in housing in Bulgaria was rising steadily during the years under consideration, and reached a figure of 55.3 per cent in 1955.

In Poland the proportion of private investment in housing is rather lower. In 1955 private investment amounted to about 20-25 per cent of total investment in housing. The following data on rooms built and made available for use show that the volume of private and co-operative housing is tending to rise, both relatively and absolutely, in comparison with State housing.

	Rooms made available for use in thousands		
	1954	1955	1956
Total built	209.3	252.1	239.9
1. Built in towns and town-type settlements	141.2	165.9	155.9
a) by the State	133.7	147.8	128.3
b) by private individuals and co-operatives	7.5	18.1	27.6
2. Built in the countryside	68.1	86.2	84.0
a) by the State	24.7	28.2	21.5
b) by private individuals	43.4	58.0	62.5

In the coming years (1956-1960), it is intended that there shall be a further large-scale development of co-operative and private housing in Poland, side by side with the considerable State housing programme, and the State is to offer appropriate assistance to private builders. In addition to the large amount of housing to be undertaken in towns and town-type settlements, a considerable increase in housing in the countryside is expected as well.

In Czechoslovakia during 1956 the proportion of private investment to the total volume of investment in housing was 44.8 per cent, but according to the five-year plan for 1956-1960 it will drop to 20.3 per cent, and there will be a reduction in the absolute volume of private investment as well. Thus, while in 1956 private investment amounted to as much as 2,650 million crowns, the planned figure for 1960 is 1,696 million crowns. At the same time, on the other hand, State investment is to increase by more than twice, from 3,268,800,000 crowns in 1956 to 6,676,500,000 crowns in 1960. Over the same period the total volume of investment in housing in Czechoslovakia is to increase from 5,918,800,000 crowns to 8,372,500,000 crowns, or by 41.5 per cent.

An important source of finance for housing carried out by private persons in socialist countries is represented by the State housing loans advanced to workers through the banks.

The following figures give some idea of the volume of these loans: in the USSR during the period 1946-1956 loans advanced to workers by the Communal Banks and the Agricultural Bank amounted to about 16,000 million roubles, while the planned figure for housing loans in 1957 alone is about 2,800 million roubles. In Bulgaria in 1955 and 1956 the Bulgarian Investment Bank issued loans for co-operative and private house-building amounting to 182 million leva while the planned figure for 1957 is 200 million leva, that is, considerably more than the combined figure for the last two years.

The terms on which loans are advanced differ somewhat from country to country, but the main principle observed everywhere is that the borrower shall be assisted in completing the work for which the money has been advanced and that the money is advanced on easy repayment terms. The loans are advanced at low interest rates, 1 per cent in Poland and 2 per cent in the USSR and Bulgaria. In Czechoslovakia alone the rate is somewhat higher, namely 4 per cent.

In the USSR housing loans up to 15,000 roubles are normally advanced for periods up to ten years, though in certain circumstances the terms are rather different. Thus, for instance, citizens expressing the wish to move to newly-developed regions may be granted loans of up to 30,000 roubles and members of communities of the Far North, who wish to take up a settled life, up to 40,000 roubles. In these circumstances, when the dwelling has been built, the State pays off up to 70 per cent of the loan advanced in the first case and up to 75 per cent in the second case.

In Bulgaria loans up to 40,000 leva are advanced for periods up to 25 years and in Czechoslovakia loans up to 25,000 crowns for periods up to 20 years. In all socialist countries, except Czechoslovakia, private house-building has been increasing at a rapid rate during recent years, and there has been a parallel increase in the financial assistance granted by the State to private individuals for building houses.

NB. This document is based on the material relating to the USSR, Poland, Czechoslovakia and Bulgaria only, since information on other countries has not yet been received.

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 7 (iii) of the provisional
agenda of the fourteenth session)

STANDARDIZATION AND MODULAR CO-ORDINATION

Note by the Secretariat

The Secretariat prepared for the last session of the Housing Committee a paper summarizing the work that the Committee had carried out on the subject of standardization and modular co-ordination and outlining the activities of other international bodies in this field, namely the International Council for Building Research, Studies and Documentation (CIB), the European Productivity Agency (EPA), the International Organization for Standardization (ISO) and the International Union of Architects (UIA) (HOU/Working Paper No. 46). The Committee discussed this paper and "agreed that governments should be invited to reflect further how all-European co-operation and eventually agreement in this field could be promoted. The Secretariat was also asked to explore this matter with the specialized international organizations working in this field ... in order that the question might be considered at a later session" (E/ECE/HOU/64, paragraph 16). The purpose of the present note is accordingly to bring certain information contained in that paper up to date and to put forward a proposal arising out of informal discussions which the Secretariat has had with some delegations and international organizations on how all-European co-operation in this field could be promoted within the framework of the Housing Committee.

The first phase of the EPA work in this field described in the Secretariat's paper has been completed and a report on it published. It consists essentially of an exchange of information by describing in a convenient form the situation and experience obtained with regard to modular co-ordination in the participating countries. The report brings together a series of national monographs, describing the theories propounded therein, without however for the present attempting a general all-European synthesis or recommending the adoption of a single international module.

The second phase of the work, now started, consists of the erection of test buildings on a modular basis in the participating countries. National reports are intended to be prepared on this phase of the work in two parts: the first, expected in September 1957, will consist of full designs for the construction, including details of all components: the second part, expected in the spring of 1958, will report on the building construction and experience gained during construction. It is expected, after completion of the second phase of the work, to arrive at practical conclusions on the basis of experience gained in the test buildings. Mention should also be made of the EPA Theory Group which has decided to prepare a number of special reports on particular aspects of theory, i.e. planning grids, sub-multiples of the module, tolerances, bricks and brickwork, and teaching and training in modular co-ordination.

The interests of the ISO Committee, TC 59, were described in the Secretariat's paper. It is now proposed to convene this Committee and to attempt to establish and adopt standards on principles of modular co-ordination and also to take up the problem of tolerances in the building industry.

It is suggested, both with a view to pressing forward with the work on modular co-ordination and standardization on an all-European basis and in order to bring both governments and the building industries more fully into the picture, that the time has come for further efforts by the Housing Committee. There is no need to repeat here what has already been said with regard to the role of governments, particularly on the putting into practice of recommendations concerning modular co-ordination and standardization (see HOU/Working Paper No. 46). The importance of participation by the building industries is equally evident. In the long run advances can only be made when it can be seen that modular co-ordination is a paying proposition and that therefore the theoretical recommendations put forward are translated into large-scale production of building materials and components conforming to modular standards.

In the light of these considerations, it is suggested that consideration should now be given to the convening of an ad hoc Meeting on standardization and modular co-ordination to be held in the course of 1958, in Geneva, under the auspices of the Housing Committee. This ad hoc Meeting might be along the same general lines as those convened on building documentation and building research in 1949 and 1950 respectively. The specific objectives of such an ad hoc Meeting might be:

- (i) a comprehensive all-European exchange of information on the present position with regard to modular co-ordination and standardization, with particular emphasis on the steps being taken or envisaged to promote modular co-ordination and standardization in practice, especially by direct or indirect governmental action. Part of the preparation for this phase of the special meeting would be a substantial discussion of the subject which it is expected will be included in the report on government technical policies and the cost of building, in the course of preparation for consideration at the November 1957 meeting of the Housing Committee;
- (ii) an attempt to work out a system of providing in common form technical information concerning the properties and performance of building products, with a view to assessing the value of building materials and components entering into international trade (work has been started in this field by the CIB but to become effective in practice it would seem that the active interest is required on the part of the industries concerned and that governmental, including inter-governmental action will be necessary);
- (iii) the promotion of all-European trade in building materials and components through manufacturers taking part in the conference and thus being encouraged to take part in producing on the basis of an agreed modular system;
- (iv) the making of detailed recommendations to the Housing Committee and other appropriate bodies with a view to the actual adoption of an all-European agreement on a common modular system.

If the Housing Committee can reach agreement in principle on the convening of an ad hoc Meeting along the lines suggested in this note, it is suggested that detailed proposals for preparation should be worked out by the Secretariat in consultation with rapporteurs nominated by the Housing Committee and the other international organizations working in the field of modular co-ordination, and that final decisions on the organization of the Meeting should be taken at the session of the Housing Committee to be held in November 1957.

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 5 of the Provisional Agenda for the fourteenth session)

THE FINANCING OF HOUSING IN EUROPE

Current Sources of Capital⁽¹⁾

Working Paper Prepared by Mr. D. Lorenzo (Italy)

I. Preface

This Report covers sixteen countries, i.e. Czechoslovakia, Denmark, Federal Republic of Germany, Finland, Greece, Ireland, Italy, Netherlands, Norway, Poland, Sweden, Switzerland, Union of Soviet Socialist Republics, United Kingdom and Yugoslavia.

The data come from reports prepared by the various countries and, in general, relate to 1955.

The purpose of this Report is to analyze the sources of capital invested in the construction of dwellings, to compare the methods adopted in the various countries, and to explain the differences between them.

II. Review of the Situation in the Various Countries

The information given below, relating to the importance of the part played by housing in the national economies of the various countries and the sources of capital invested in that sector, is taken from the reports submitted by the various countries.

In general, the information supplied by the various countries has been used, but, in the absence of exact data, recourse has been had to estimates, where sufficient pointers were available.

(1) The other documents to be issued on the financing of housing are listed in the last paragraph of document HOU/Working Paper No. 59.

CZECHOSLOVAKIA

The position of housing in the economy

The current five year plan (1956 to 1960) provides for a total capital investment of 152,600 million crowns in the various sectors of the economy.

Over the same period, the sum allocated to housing is 35,354.54 crowns. Investment in housing, therefore, amounts to about 16.4 per cent of total public investment.

Public funds

In 1956, 5,918.81 million crowns were spent on the construction of dwellings. Of that sum, 3,268.81 million crowns, that is to say 55.2 per cent, were derived from public funds.

The sources of the public funds were:

- (a) participation in amortization payments on funds earmarked for the financing of investment;
- (b) participation in the profits made by nationalised undertakings operating on a profit-making basis;
- (c) other resources at the organizations' free disposal under their financial programmes;
- (d) state budget appropriations.

No information is available on the nature of the various sources.

State funds for financing the construction of dwellings do not come from public loans.

Private funds

In 1956, private funds invested in housing amounted to 2,650 million crowns out of a total of 5,918.81 million crowns, or 44.8 per cent of total investment in that sector.

Private funds are derived from private saving, but private individuals benefit to some extent by State loans (in 1956 such loans amounted to 50 million crowns).

Of the total expenditure incurred by owner-occupiers in the construction of small dwellings, State loans represent 1.89 per cent.

DENMARK

The position of housing in the economy

Annual investment in the construction of dwellings amounts to about 750 million crowns and represents 16 per cent of total gross fixed investment and 8 per cent of the gross national product.

Sources of capital

In 1955 State expenditure amounted to 335 million crowns. In addition, 200 million crowns were provided by first mortgage loans for the construction of dwellings for which State loans secured by lower ranking mortgages had already been granted.

According to the data supplied in the Report on the Financing of Housing in Denmark, about 15 per cent of all dwellings built do not benefit by financial assistance from the public authorities, which represents a private investment of 113 million dollars.

The sources of the funds would therefore appear to be the following:

State:	335 million crowns
Loans:	200 million crowns (on subsidized building)
Private:	<u>113 million crowns</u>
Total:	<u>648 million crowns</u>

No precise data is available to show the origin of the 100 million crowns remaining out of the total sum of 750 million crowns invested in 1955; they probably came from municipal funds.

It does not, furthermore, appear whether the State funds are provided under the budget or from other sources.

The major part of the private funds take the form of long term bonds issued by land banks, the remainder coming from private owners. No breakdown of the total amount between those two sources is possible.

FINLAND

The position of housing in the economy

Annual investment in the construction of new dwellings amounts to about 50 or 60,000 million marks, to which must be added 15 to 20,000 million marks for the repair of and alterations to existing buildings. It is not clear what percentage of total fixed investment is represented by such expenditure.

Investment in new building represents between 6 and 7 per cent of the gross national product.

Public funds

Public investment represents 20 per cent of the total and is broken down as follows:

Loans for new building	- 12 to 15 per cent
Loans for rural housing	- 2 to 3 per cent
Loans and subsidies for the improvement of rural dwellings	- 3 per cent.

Whether the funds invested came solely from the State budget or from other sources as well is not clear.

Private funds

The breakdown of the 80 per cent representing private investment is as follows:

First mortgage loans granted by finance institutions for the construction of dwellings qualifying for State loans	- 15 per cent
Owner-occupier contributions	- 8 per cent

The balance (50 per cent) represents building carried out by means of funds borrowed without the assistance of the public authorities.

No precise data is available to show how much of that amount expended is derived from owner-occupier contributions and how much from finance institutions.

GREECE

The position of housing in the economy

Total investment in the construction of dwellings amounted in 1956 to 7 per cent of the gross national product, or 29 per cent of total gross fixed investment.

In 1955 the position was very different; then total investment in housing amounted to 3.85 per cent of the gross national product, or 20,6 per cent of total gross fixed investment.

Public funds

Public funds represented 5 per cent of the total in 1955, and 2 per cent in 1956, the balance emanating from private sources.

According to the available information, public investment in Greece fluctuates very appreciably from one year to the next.

In 1957, for instance, investment by public authorities is expected to amount to 164.215 million drachmai, whereas in 1954 such investment only amounted to 30 million. No figures are available for 1955 or 1956.

The public funds are derived from the State budget and from deductions made from workers' wages. Those deductions, therefore, constitute a sort of special tax. The average percentage of total revenue represented by that tax is not known.

The estimated yield of this tax in 1957 is 71,500,000 drachmai, that is to say more than 43 per cent of total public investment.

The sources of private funds are not indicated.

IRELAND

The position of housing in the economy

Annual investment in the construction of dwellings amounts to £14,000,000, that is to say 19.5 per cent of total gross fixed investment and 2 per cent of the gross national product.

Public funds

Public funds account for about 75 per cent of the above investment. They come from public loans and post office savings accounts.

Private funds

Private funds, representing 25 per cent of the total, are accounted for to the extent of 60 per cent by mortgage loans granted by banks, building societies and insurance companies. The remaining 40 per cent is represented by funds provided by the buyers of dwellings themselves and by the proceeds of the issue of bonds.

ITALY

The position of housing in the economy

In 1955 investment amounted to 715 thousand million lire, representing 24 per cent of total investment and 5.6 per cent of the gross national product.

Public funds

Public funds constitute about 13 per cent of the above-mentioned amount. They are derived from the State budget, postal savings accounts and a special tax on construction of dwellings.

Private funds

Private funds, which represent 87 per cent of total investment, are provided by the capital market (land banks, finance institutions and insurance companies) to the extent of about 40 per cent, the remaining 60 per cent being accounted for by the contributions of private buyers of dwellings and by funds invested by building undertakings.

NORWAY

The position of housing in the economy

The percentage of total investment represented by investment in the construction of dwellings is not known. It amounts to 6.2 per cent of the gross national product.

Sources of capital

Nearly three-quarters of the "new building" programmes are financed with the assistance of loans and subsidies granted by two specialized State banks.

60 per cent of construction costs is covered by loans, 17 per cent by capital subsidies, and the remaining 23 per cent by the contributions of private owners of dwellings.

Capital subsidies are granted to the extent of two-thirds by the State, and one-third by the municipalities.

Including the 25 per cent represented by dwellings built for private account without any assistance from the public authorities, the sources of the funds are as follows:

Public funds

Public funds invested in housing amount to 57.75 per cent of total investment, broken down as follows:

State loans	45 per cent
State capital subsidies	8.50 per cent
Capital subsidies by municipalities	4.25 per cent

Of the above-mentioned funds, the sums advanced in the form of loans come from the floating of public loans by the State, whereas capital subsidies are included under the State or municipal budgets.

Private funds

The share of private investment amounts to 42.25 per cent, of which a part equal to 25 per cent of total investment relates to the construction of dwellings built without any assistance from the public authorities. The balance of 17.25 per cent represents funds put up by private individuals for the construction of dwellings qualifying for State assistance.

No precise information is available regarding the sources of private funds.

NETHERLANDS

The position of housing in the economy

In 1955 investment in the construction of dwellings in the Netherlands amounted to 940 million florins, and to 1,250 million in 1956. These figures are equivalent to 16 and 19 per cent respectively of total fixed investment, excluding investment by public authorities.

In relation to the gross national product, the percentage is 3.2 per cent for 1955 and 4 per cent for 1956.

In 1955, 69 per cent of the total number of dwellings built was financed by the public authorities, the corresponding percentage for 1956 being 66 per cent.

Sources of the fund

The sources of the funds may be broken down as follows:

Municipalities and associations	47 per cent (with State subsidies)
State	11 per cent (1 per cent polders: 10 per cent subsidies for partially assisted housing)
	—
Total	58 per cent (to which must be added an unknown percentage for State subsidies for dwellings built by municipalities and associations)
	—
Bank loans	25 per cent
Funds of private owners	17 per cent
	—
Total	42 per cent
	—
Grand Total:	58 per cent + 42 per cent = 100 per cent

Public funds

For the construction of dwellings, municipalities make use of funds borrowed from insurance companies, pension funds, and savings bank funds: or alternatively they issue public bonds at from 3 to 4 per cent with a life of from 30 to 40 years. The funds for State subsidies are provided for in the budget.

Private funds

These consist of the sums advanced by finance institutions (banks, insurance companies, building societies and other bodies making mortgage loans) on the one hand, and the contributions of private owners on the other.

The share of the finance institutions may be estimated at 25 per cent of the total investment. Actually, the data submitted shows that, as regards the construction of dwellings with the partial assistance of public authorities alone, the banks' contribution represents 60 per cent, to which must be added the contribution made by finance institutions in the form of loans on dwellings built without State assistance.

The contributions of private owners account for 17 per cent of the total.

POLAND

The position of housing in the economy

In 1955, State investment in urban housing amounted to 3,901 million zlotys, that is to say to 11.3 per cent of the investment funds of the socialized economy, and to about 2 per cent of the national revenue.

That figure should be increased from one-third to one-half to allow for other State and private building. Total investment may be estimated at 5,526 million zlotys which, according to the data given above, amounts to 3.5 per cent of national revenue.

Public funds

Funds invested in housing are derived to the extent of between 75 and 80 per cent from the State budget, and are used directly for the construction of dwellings by specialized bodies.

In addition, the National Bank of Investment grants loans up to 70 per cent of the cost of construction at 1 per cent interest and with an amortization period of ten years to co-operatives and private individuals building within the framework of construction subject to the control of the local peoples' councils.

Private funds

These represent from 20 to 25 per cent of total investment. They are derived from private savings and are invested, either in the construction of non-subsidized dwellings, or used to complete the amount required for building subsidized by means of loans from the National Bank of Investment.

UNITED KINGDOM

The position of housing in the economy

£642,000,000 were invested in the construction of new dwellings in 1955, a figure which represents about 22 per cent of total fixed investment and 4 per cent of the gross national product.

Public funds

Of that sum between 30 and 40 per cent is accounted for by grants from public funds by the State or local authorities.

The latter build with the assistance of funds provided, partly by the State in the form of sixty year loans, and partly by loans made on the same terms by finance institutions.

No precise data is available as regards the nature of funds invested directly by the local authorities, that is to say those that do not come from State assistance.

Private funds

Private funds account for between 60 and 70 per cent of the total. No data is available as regards the respective shares of contributions from finance houses and from private buyers or builders.

FEDERAL REPUBLIC OF GERMANY

The position of housing in the economy

DM 10,000 million, representing 25 per cent of total fixed investment and 6 per cent of the gross national product, were invested in the construction of new dwellings in 1955.

A percentage breakdown of those funds is as follows:

Public funds	27 per cent
Funds obtained from the capital market	49 per cent
Contributions by private capital	24 per cent

Public funds

Public funds are provided under the State, "Länder" and municipal budgets, and by fifteen-year loans at 8 per cent, issued at 98 per cent of their nominal value.

Private funds

Private funds come from:

- (a) Savings banks, loan banks, life insurance companies and social insurance institutions. All those institutions grant first mortgage long-term loans;
- (b) Land savings banks, which make medium-term loans secured by second and third mortgages;
- (c) Builders, private loans, loans and subsidies by employers.

Those three sources, which constitute the capital market, provide 49 per cent of the total amount invested. To that should be added 24 per cent representing the contributions of private owners. Of the total private capital invested, 67 per cent is accounted for by mortgage loans and 33 per cent by contributions from private individuals.

SWEDEN

The position of housing in the economy

In 1955, investment in the construction of new dwellings amounted to 2,200 million crowns, representing 15 per cent of total fixed investment and 6 per cent of the gross national product.

Including repair work and the conversion of existing dwellings, the amount invested totaled 2,900 million crowns.

Public funds

Of the total amount invested in the construction of new dwellings in 1955, 800 million (36.0 per cent) represented the investment made from State budgetary funds.

Private funds

These account for 64.0 per cent of total investment. Taking that percentage to equal 100, the breakdown of private funds by percentages is as follows:

Funds supplied by the capital market	84.8 per cent
Contributions from private owners	15.2 per cent

SWITZERLAND

The position of housing in the economy

In 1955, investment in the construction of dwellings amounted to 1,560 million francs, corresponding to 6.7 per cent of the national revenue.

No precise data regarding the proportion of gross total investment represented by that percentage is available.

Public funds

39,400 dwellings in all were built in 1955; 2,750 with the financial assistance of the public authorities and 36,650 without.

The State does not provide financial assistance in any form. Public assistance takes the form of loans made by the Federal Funds and guaranteed by the cantonal governments, or of the building at cantonal cost of a very limited number of dwellings.

Out of the 2,750 dwellings built in 1955 with financial assistance only 514 (in communes with a population of more than 2,000 inhabitants) were built with public funds; this represents 1.7 per cent of the total. However, this percentage is slightly higher when other dwellings (2,750 - 514 = 2,236) built with the assistance of a cantonal subsidy are included.

Private funds

They represent practically the whole of investment in the construction of dwellings, and comprise loans granted by land banks, private and cantonal banks and insurance companies, with the addition of the contributions of private owners. The latter represent 30 per cent of the capital invested.

TURKEY

The position of housing in the economy

Annual investment in the construction of dwellings amounts to about 665 million Turkish lire, or 3.2 per cent of the gross national product.

No information is available to show what proportion of gross fixed investment this represents.

Public funds

These account for 2.24 per cent of total investment and are taken from the income obtained by the State from its shares in the Banque de credit immobilier, and from social insurance funds.

Private funds

Private funds account for 97.76 per cent of total investment in dwellings. They consist of loans by the Banque de credit immobilier in urban areas and by the Banque agricole in rural districts, and, naturally, of the contributions of private owners.

How much is attributable to each of these sources is not exactly known.

SOVIET UNION

The position of housing in the economy

The data required to determine the comparative importance of the housing sector to the national economy as a whole is not available.

Public funds

Public investment is made up of:

1. State investment
2. Investment by State undertakings and local soviets
3. Investment by co-operative and welfare organizations.

1. State investment: This is planned, and the funds are provided by appropriations under the budgets of the Soviet Union and of the federated republics, and also from the profits made by public undertakings.

Over the period 1950-55, dwellings built under the five-year plan account for 63 per cent of the total amount spent on new building in towns.

2. Investment by State undertakings and local Soviets: This is additional to the five-year government programmes. The funds are obtained from the predicted and unpredicted profits of undertakings under independent management; the profits from the sales of by-products of the manufacture of large-scale consumption goods; production bonuses paid to undertakings; federated republic budget surpluses; the reserves built up by local industrial undertakings and other similar sources.

3. Co-operative and welfare organizations: Investment by these organizations also takes place outside the framework of State planning.

In the case of collective farms the source of capital is to be found in their undistributed profits funds. Artisanal co-operatives have recourse to long-term loans and levies on amortization and other funds. Consumption co-operatives draw on maintenance and building funds etc. and housing co-operatives on payments made by members in return for their shares. Trade associations provide the money from their funds.

Private funds

Every citizen has the right to buy or build a one or two-storey house with not more than six rooms, at his own expense.

The 1950/55 five-year plan has enabled the construction with public funds of 4 million sq.m. of urban living space. Over the same period 38.4 million sq.m. of urban living space was built by private individuals with or without State assistance. Over the period 1951/55, collective farms and other inhabitants of rural districts built 2,300,000 dwellings with or without State assistance.

An examination of these figures shows that over the period 1950/1955 the houses built in towns under the auspices of the State, represented 63 per cent of total urban building, the remaining 37 per cent being built outside the framework of State planning with or without assistance from the public authorities.

Additional to the above are the houses built in rural districts over the period 1951/1955 (2,300,000 dwellings), also with or without State assistance.

Over the period 1946/1956, bank or private advances for the construction of dwellings amounted to about 16,000 million roubles. In 1957, 2,800 million roubles is to be provided, representing an increase of more than 50 per cent over 1956.

No other information is to be obtained from the report, but it will be seen from the above that the sum of urban and rural housing, and the extent of extra-governmental contributions thereto by organizations and private individuals is very considerable.

YUGOSLAVIA

The position of housing in the economy

29,700 dwellings, valued at 58,490 million dinars, were built in 1955. That investment is equivalent to 13.8 per cent of total gross investment and 4.4 per cent of the national revenue. Of that sum public financing accounted for 39,498 million dinars (68 per cent of the total), the remaining 18,992 million (32 per cent) being obtained from private sources.

Public funds

These come from ad hoc Permanent Funds for the construction of dwellings, which have both local and central representation and grant subsidies to the poorer communities in real need of dwellings.

Up to 1955, the funds' sources of income consisted of compulsory contributions from collectivities and State grants amounting to 3 per cent of the budget revenue.

Since 1956, the system has been changed and the Funds are fed by a compulsory contribution amounting to 10 per cent of the total wage bills paid by commercial, industrial and other undertakings and by public bodies.

For their contributions undertakings draw on the profits shown in their balance sheet, and public bodies on their budget revenue.

Private funds

These are derived from savings and agricultural production.

III. Comparison of Data

The following table (Table 1) provides comparative data on the importance of housing to the economy of the various countries in 1955.

Table 1

COUNTRIES	Total amount invested in housing (millions in local currency)	Percentage of fixed investment	Percentage of gross national product	Percentage of public investment
1. Czechoslovakia ⁽¹⁾	5,918.81	16.4	-	55.20
2. Denmark	750	16	3	45 ⁽²⁾
3. Finland	50/60,000	-	6/7	20
4. Federal Republic of Germany	10,000	25	6	27
5. Greece	57,192	20.6	3.85	5
6. Ireland	14	19.5	2.7	75
7. Italy	715,000	25	5.6	13
8. Netherlands	940	16	3.2	58 ⁽⁴⁾
9. Norway ⁽³⁾	-	-	6.2	58 ⁽⁴⁾
10. Poland	5,526 ⁽⁴⁾	11.3 ⁽⁵⁾	3.5 ⁽⁴⁾	75/80
11. Sweden ⁽⁶⁾	2,900	20	6	36 ⁽⁴⁾
12. Switzerland	1,560	-	6.7	1.7 ⁽⁷⁾
13. Turkey	664	-	3.2	2.24
14. USSR	-	-	-	-
15. United Kingdom	642	22	4	30/40
16. Yugoslavia ⁽⁸⁾	58,490	13.8	4.4	68

(1) 1956

(2) State investment

(3) 1954

(4) Estimated

(5) Percentage of total investment funds of the socialized economy represented by State investment

(6) Including repairs and alterations

(7) Incomplete data

(8) Urban building only

IV. Comparison of Methods Adopted By Various Countries

A. Public Funds

The sources of public funds to which the various countries have recourse for the financing of housing may be classified as follows:

- (a) State budgets
- (b) Public loans
- (c) Special taxes
- (d) Post Office Savings Banks
- (e) Local authorities
- (f) Miscellaneous public bodies.

(a) State budgets

Nearly all countries draw on the State budget, that is to say the general revenue, for part of the funds to be used in building or to promote the construction of dwellings, even though they may also have recourse to other public sources for that purpose.

Switzerland and Turkey form the only exceptions to that general rule.

Actually, the Swiss Government has taken no part in the construction of dwellings since 1950. With the exception of some restricted action by the cantonal authorities this sector has been left to private enterprise, and more particularly to private capital, which is readily available in Switzerland at fairly low rates of interest.

The system adopted in Turkey, on the other hand, consists in the State taking up shares in some banks which, among other things, take part in the financing of real estate operations, partly at reduced rates.

Hence, in Turkey there is no direct participation by the State or the public authorities in investment in the construction of dwellings, despite the fact that the capital market is fully extended and the rates of interest quite high.

(b) Public loans

The countries that make use of public loans to obtain funds for investment in housing are the following: Ireland, the Netherlands, Norway and the Federal Republic of Germany.

In Ireland, loans are issued by the State and in part subscribed for by the banks. No other particulars are available.

In Norway, the issue of public loans is carried out at fairly low rates of interest, not more than 4 per cent. Since 1951, however, very little recourse has been had to that source of capital, the major part of the funds required being provided by budget appropriations.

In the Netherlands, the issue of public loans is in the hands of the municipalities. The loans have a life of from 30 to 40 years and carry interest at from 3.25 to 4.25 per cent. The bonds are quoted on the Amsterdam Stock Exchange, and the market in them is very active.

In the Federal Republic of Germany, loans are issued by the Federal Government, the Länder and by municipalities. They are issued at 98 per cent of their nominal value. The life of the bonds is 15 years and they carry interest at the rate of 8 per cent.

(c) Special taxes

A sort of special tax has been introduced in Greece, Italy and Yugoslavia. The systems adopted in those countries have this feature in common, that the incidence of the tax depends on the amount of the wage bill.

In Greece, the tax takes the form of a deduction from wages. No further particulars are available as regards that country.

Since 1941 the law in Italy provides for a contribution by private entities and public bodies that employ labour. The tax is at the rate of 1.20 per cent of the total wage bill. The State, provinces, communes and public assistance and welfare institutions are exempt.

The workers for their part pay a contribution amounting to 0.60 per cent of their wages. The total yield from this tax covers about 30 per cent of public investment (1955) in housing. The State for its part makes a contribution proportionate to the receipts from the tax.

In Yugoslavia the tax was introduced in 1956, but it is only levied on the employer, and to the extent of 10 per cent of the total wage bill. The State contributes a similar proportion of the amount it pays out in wages.

(d) Post Office Savings Banks

Finland, Ireland and Italy draw a part of the funds required for investment in the construction of dwellings from Post Office Savings Banks. No data is available on the extent of that financial contribution, except as regards Italy, where (1955) that source may be estimated to have provided about 40 per cent of total public investment in housing.

(e) Local authorities

The activities of local authorities in this field vary substantially according to the social structure of the various countries. In general, the municipalities in the countries of northern Europe contribute towards the financing of housing by granting loans or capital subsidies to help with the amortization of loans made by them or the State.

Furthermore, in those countries the system is in force of granting mortgage loans with differentiated ratings, i.e. the State or the municipalities grant loans secured by mortgages of a lower rating or at all events at a lower rate of interest than is required by the capital market. In the countries of eastern and southern Europe, despite the differences in their social structure, the powers of the local authorities are more restricted, or at least based on principles other than those underlying the administrative organization in nordic countries.

It follows that the contribution of the local authorities towards the financing of housing is much more restricted, or is altogether lacking.

According to the particulars supplied by the various countries the position is as follows:

Denmark: Action by municipalities takes the form of granting subsidies or loans. The amount of that contribution is not known

Finland: It appears that the municipalities' contribution is very small. No details are available.

Ireland: The municipalities assist in the amortization of loans granted by the State. Until 1951 the two largest municipalities also issued public loans which were subscribed for to the extent of one-third by the State. No other information is available.

Italy: The municipalities step in only in special cases, and where they dispose of building sites they provide them free of charge for the construction of INA-Casa dwellings or for slum clearance. The autonomous regions, nevertheless, grant subsidies for, or take a direct part in, the construction of dwellings for the poorer citizens in need of assistance.

Norway: The municipalities grant capital subsidies as a complement to the subsidies granted by the State. Subsidies are granted in respect of 75 per cent of the dwellings built. All in all, they cover 17 per cent of the building costs and are provided to the extent of two-thirds by the State and of one-third by the municipalities. The municipalities' contribution may be assessed at 4.25 per cent of total investment in housing.

The Netherlands: The municipalities obtain the necessary funds for the financing of housing by means of public loans and advances made by insurance companies and other institutions of a similar nature. Here, the financial participation of the municipalities is very considerable. Actually, the municipalities finance 47 per cent of the construction of dwellings.

United Kingdom: The local authorities obtain the capital required for the construction of dwellings and for granting subsidies from the capital market. No data is available to show the size of the financial contribution made by such local authorities.

Federal Republic of Germany: The Länder and the municipalities extend loans and grant and guarantee advances in the case of the various categories of subsidized dwellings. In addition, the Länder and the municipalities combine with the State in the establishment of the "Equalization of Burdens Funds" from which DM 500,000,000 (corresponding to one-twentieth of total investment in housing) will be taken in 1957 for cheap housing.

Switzerland: The arrangements vary with the canton. In the Canton of Vaud, for instance, the cantonal authorities guarantee the loans and the municipalities give the land free of charge.

In the Canton of Zurich the cantonal authorities grant subsidies provided that the municipality does the same.

Soviet Union: The federated republics and the local soviets contribute towards the financing of houses built within the framework of the five-year plans by means of funds appropriated in their budgets and also assist in financing of building outside those plans from budget surpluses. Other public bodies also assist in such financing. In the absence of data, the size of such contributions cannot be determined.

(f) Other public bodies

The bodies which in general contribute towards the construction of dwellings from their own funds are: insurance companies, social insurance institutions, labour cooperatives, professional associations, etc. Those agencies are classified as "public" or "private" according to the social structure obtaining in the various countries, but their main activity (insurance, etc.) and also their secondary activity, i.e. the employment of funds for housing, takes a similar form in all of them. Nearly all the countries of western Europe mention agencies of this sort as being among those taking part in the financing of housing; but the extent of their contribution cannot be determined in the absence of precise details.

Side by side with these agencies, there are also the State Banks and public institutions concerned with financing. Here again, no precise information is available. Such data would not, in any case, serve a useful purpose, since these banks administer State funds or funds from other sources (postal savings, special tax, etc.) which have already been dealt with separately. As an example, of such institutions, mention may be made of the "Cassa Depositi e Prestiti" (Deposit and Consignation Office in Italy); the "Norske Stats Hansbank" in Norway; the Public Works Loan Board in the United Kingdom, the Türkige Emlâk Kradi Banksi in Turkey and the Central and Local Funds in Yugoslavia.

Reference should also be made to the housing cooperatives. Those institutions, which are considered to fall within the private sector in the countries of western Europe, are held to belong to the public sector in some countries of eastern Europe. In their case it is, however, also a question of organizations supported partly by the contributions of their individual members and partly by assistance from the public authorities.

B. Private Funds

(a) General

For 50 per cent of the countries covered by this study, the principal source of capital for investment in housing is constituted by private funds. The other 50 per cent fall into three categories:

- (a) countries in which public sources have a slight preponderance;
- (b) countries in which the preponderance of public sources is quite marked;
- (c) countries in which the preponderance of public sources is very great.

The first category comprises the following countries, listed in order of magnitude of their private sources:

Switzerland, Turkey, Greece, Italy, Finland, Federal Republic of Germany, United Kingdom and Sweden.

The members of the other three groups, listed in the same order, are:

- (a) Czechoslovakia, Denmark, Norway and the Netherlands;
- (b) Soviet Union and Yugoslavia;
- (c) Ireland and Poland.

(b) Sources

There are two main sources of private funds: bank advances and private saving.

Any preponderance of one of those two sources over the other depends on the general economic conditions and the social structure obtaining in the various countries.

(c) Bank advances

Bank advances are very much to the fore in countries where private capital circulates very freely.

Switzerland undoubtedly comes in first place in that sector. In all countries the activities of banks which normally make long-term advances to specialized institutions are affected to a remarkable extent by the countries' social structure. These specialized institutions may be State banks or private banks, but they are to be found in all countries and grant long-term loans secured by mortgages.

In the countries of western Europe such credit facilities are in general provided, either by a few State banks, which grant mortgage loans on favourable terms to certain categories of the population given preferential treatment under the national legislation, or by private finance institutions which grant mortgage loans at market rates. In those countries, the granting of mortgage loans by life insurance companies and social insurance institutions is also widespread. Those two types of organization can be either public or private, according to the social structure of the country in question.

In countries with a collective economy, the banks providing credit facilities for housing are public institutions such as, for instance, the Tziekombank in the USSR, which uses the municipal banks as its agents.

(d) Private saving

The participation of private saving in the financing of housing takes the following three forms:

Loans by building societies;

Loans by savings banks;

The personal savings of house-owners.

The first of these forms is a remarkable characteristic of the countries with a free economy. In those countries, apart from work carried out by public bodies, the construction of dwellings is in the hands of private building firms operating under conditions of free competition.

In Italy, building firms, in addition to building houses for the account of public institutions or private individuals, who themselves finance the work, also build for their own account with a view to re-sale.

In this case, the building societies invest their own capital (usually it is partly their own and partly capital borrowed from finance institutions) in building, and then sell the dwellings on easy terms. In this way these societies to some extent provide credit over and above the loans granted by finance institutions.

In practice, this system represents a medium-term investment of the undertaking's profits.

The countries that have mentioned the financial participation of building firms in housing in their reports are the following:

Ireland, Italy, the Netherlands, the United Kingdom, Federal Republic of Germany and Sweden.

The other two forms are common to all countries covered by this report, since the system of channelling savings to savings banks is widespread and encouraged in all countries, irrespective of their social structure.

The same thing applies as regards the personal savings of the owner-buyer or builder, which also, where they assume concrete form in house-building - as is to be seen in the Polish, Russian and Yugoslav country districts - represent some sacrifice of other requirements to the desire to own a dwelling, a natural human aspiration all over the world.

(e) Comparison between the various countries

The data supplied are not sufficient to enable a complete and, more particularly, correct comparison of the various systems adopted in the investment of private funds in housing.

The following table can therefore only provide a very rough breakdown of the sources of the capital invested.

In most cases the figures are based on partial data and the estimates are in consequence liable to be unsatisfactory. They may nevertheless suffice to give a general idea of the position in the various countries.

TABLE 2

Rough estimated percentage breakdown in round figures of the financial contribution made by public authorities, finance institutions and individual proprietors in the various countries.

COUNTRY	Public funds	Private funds	
		Finance institutions	Private proprietors
Czechoslovakia	55		45
Denmark	58(1)	27	15
Finland	20	45	35
Greece	5		95
Ireland	75	15	10
Italy	13	35	52
Norway	58	21	21
Netherlands	58	25	17
Poland	77		23
United Kingdom	35		65
Federal Republic of Germany	27	49	24
Sweden	36	55	9
Switzerland	2	68	30
Turkey	2		98
USSR(2)*	63		37
Yugoslavia*	68		32

* Urban building only. Rural building is almost entirely carried out by and at the cost of private individuals.

(1) State investment plus estimated investment by municipalities.

(2) Data relating to the years 1950-1955.

V. Conclusion

The fundamental principles on which the various countries base their economic policy as regards investment in housing are in general the same, and may be summarized as follows:

- (a) Direct action by the public authorities in different forms to provide dwellings for the poorer classes of the population;
- (b) Promotion of private building by means of financial assistance from the public authorities;
- (c) A general tendency over longer or shorter periods to allocate an increasingly large part in housing to private enterprise.

The above-mentioned principles must naturally be given a very wide interpretation and be adapted to the difference in the meaning attached to terms, and also to the divergent social structures in the various countries. But, in their general lines, they are common to all countries.

The only exception revealed by an examination of the reports is Turkey, where there is no direct participation by the public authorities in the financing of housing.

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

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

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

Note by the Secretariat

The following note incorporates the discussions, decisions and documents of the twelfth session of the Economic Commission for Europe, held in May 1957, in so far as they are relevant to the work of the Housing Committee.

Discussion of the Report of the Housing Committee

The annual report of the Housing Committee to the Commission, which at the request of the Committee was put in final form by the Secretariat and approved by the officers of the Committee, is attached as Annex I.

An extract from the summary records of the Commission, containing a summary of the introductory statement by the Chairman of the Housing Committee to the Commission and a summary of the ensuing debate on the Housing Committee, is attached as Annex II.

The section of the report of the Commission to the Economic and Social Council relating to the work of the Housing Committee is attached as Annex III.

Decisions relevant to the work of the Housing Committee

The programme of work, which was adopted by the Housing Committee and submitted to the Commission, was circulated as an annex to the report of the Committee's thirteenth session, E/ECE/HOU/64. The Commission adopted its programme of work for 1957/1958, which incorporated the programme of work of the Housing Committee, in a resolution now attached as Annex IV. It will be noted that this resolution calls upon the Committee to consider the points made in the discussion at the twelfth session and particularly when adjusting its programme of work. In this connexion, the attention of the Committee is also drawn to the discussion which took place on the implementation of ECOSOC Resolution 630 A.1 (XXII) relating to co-ordination

of activities and concentration on major tasks; in Annex V an extract from the summary records of the twelfth session is given. Since in the discussion on this question a number of references were made to the Note by the Executive Secretary (E/ECE/276), it might be useful to refer to that document.

Furthermore, the attention of the Housing Committee is drawn to the discussion by the Commission on the development of contacts between countries of eastern and western Europe and to a resolution unanimously adopted by the Commission in this respect inviting the Committees to consider the possibilities for the further development of contacts, including study tours; the text of this resolution is given in Annex VI.

The attention of the Committee is finally drawn to a summary of the Commission's debate on economic development of southern Europe, contained in a section of the Commission's report to the Economic and Social Council and attached as Annex VII.

ANNEX I

ANNUAL REPORT OF THE HOUSING COMMITTEE TO THE ECONOMIC COMMISSION FOR EUROPE

I. INTRODUCTION

1. The present report on the activities of the Housing Committee and of its subsidiary bodies covers the period from 1 January 1956 to 31 January 1957. The report was approved in draft by the Committee at its thirteenth session. The final text was approved by the Chairman and Vice-Chairman of the Committee on its behalf.

II. ACTIVITIES

A. Relating Essentially to the Economic Aspects of Housing Policy

2. The Committee held its annual discussion of European housing progress and policies, based on the Secretariat's provisional version of the annual Survey of the housing situation in Europe in the preceding year. The Committee reviewed the main developments, especially the level of and trends in building activity, recent changes in financial policy affecting housing, rent policies in certain countries and building prices and cost; it also considered certain long-term problems relating to private financing of housing and co-operative housing. The provisional report was subsequently revised and completed by the Secretariat in the light of the Committee's discussion and issued for general distribution (European Housing Progress and Policies in 1955, E/ECE/259, August 1956).

3. The scope and methods of work for preparing the next annual Survey were considered by the Committee. It was agreed that Part I of that report should discuss the main housing trends and principal changes in housing policies in 1956, including those relating to rural housing.

4. The Committee discussed, on the basis of comprehensive reports prepared by rapporteurs, certain long-term problems relating to: clearance of dwellings unfit for human habitation, on which it was decided that work should continue by an enlarged group of rapporteurs; the organization and methods of and training in housing management; and the formulation of house-building programmes, including the concepts and methodology used in different countries. It was agreed that a discussion of the last two subjects should be given in Part II of the next Survey.

5. The Committee, taking note of the extensive work already done or which it has in hand in the field of housing finance, and of Resolution 585 (XX)E of the Economic and Social Council on this subject which inter alia recommended the convening of regional meetings of experts on the financing of housing, decided that the greater part of the Committee's meeting in the autumn of 1957 should be set aside for a discussion of problems of housing finance. It was agreed as part of the preparations that the work already done in this field should be brought up to date where necessary and that other important problems not yet considered should be tackled. The main purpose of this work would be to set the different elements of financial policy in relation to housing within a single framework and to draw where possible conclusions and recommendations. The Committee approved the scope and methods of work for preparing the meeting proposed jointly by the rapporteurs and the Secretariat.

B. Relating to the Technical Aspects of Housing Policy with Particular Reference to Reducing the Cost of House Construction

6. The Committee decided to undertake a systematic and comparative analysis of measures taken by governments to reduce or limit increases in the cost of house building. The work is largely designed to bring up to date an earlier report "The Cost of House Construction" (E/ECE/165, 1953), and to assemble within a single framework the different specialized enquiries in hand. On the basis of an outline prepared jointly by the rapporteurs and the Secretariat and considered by the Committee, governments' technical policies, with particular reference to reducing the cost of house construction, are being studied. The first part of the enquiry concerns the organization of demand for housing, including the scale and continuity of demand, the method of contracting by which orders are placed with the building industry, and standardization of house plans and of materials and components. Secondly, the organization and method of production, including the structure of the industry, the use of new materials, the planning, co-ordination and integration of the industry, the organization of work on the site, and mechanization of traditional building, non-traditional construction carried out mainly on the site, and prefabrication, partial or complete. It is also intended to evaluate various efforts to support building research, development and application of research in practice, and arrangements for disseminating information thereon. Finally, an attempt will be made to draw up and agree on conclusions and recommendations. It is planned to devote the greater part of the Committee's session in the early summer of 1957 to a systematic discussion of these problems, based on a comprehensive report which will be prepared by the rapporteurs and the Secretariat.

7. An enquiry into the percentage breakdown by main factors of the total cost of building dwellings of selected types and construction was undertaken by the Committee. The purpose of the project is to shed some light on differences, and the reasons for them, in house-building costs and productivity as between the various countries.

8. The Committee considered several questions on which work was being done or on which it is proposed work should be done by international non-governmental organizations, and particularly the International Council for Building Research, Studies and Documentation (CIB), namely, the effect of the height, width and shape of dwellings on building costs, and methods of surveying the housing needs of a family, on which progress reports were submitted by the CIB; thermal insulation of dwellings, a problem which was referred for action by the Coal Committee to the Housing Committee and on which in addition to completing a documentary enquiry specialized organizations will be consulted on how technical work on this subject could be carried out on an international level; and standardization and modular co-ordination, work on which in the next stage appeared largely a matter of technical collaboration and on which it was therefore agreed that governments and the specialized international organizations concerned should be invited to reflect further how all-European co-operation and eventually agreement in this field could be promoted. The Committee also invited a group of rapporteurs to work out detailed proposals for preparing, in collaboration with the International Union of Architects (UIA), a new report on an all-European basis on the utilization of space in current types of dwellings.

C. The Housing Problems of Less Industrialized Countries

9. At the request of the Governments of Yugoslavia and Turkey, a small mission of housing and building experts was organized in March 1956 to study the housing situation in these two countries on the spot. A comprehensive report by the Expert Housing Missions, whose recommendations were accepted by the Governments of Yugoslavia and Turkey, was endorsed by the Housing Committee in May 1956 and circulated to governments in July 1956 (E/ECE/HOU/61). The Governments of Turkey and Yugoslavia have subsequently taken concrete steps to implement the recommendations of the Expert Missions, in particular with regard to creating a central housing agency and a national building research organization, including co-operative arrangements for technical aid by the interested more industrialized countries and through the Technical Assistance programme of the United Nations and its Specialized Agencies. The Committee also considered

two questions of practical co-operation between the southern European countries; one concerns 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. The Committee set up an ad hoc Working Party to deal with problems of housing development in less industrialized countries.

D. Housing and Building Statistics

10. The Quarterly Bulletin of Housing and Building Statistics for Europe was in 1956 in its fourth year of publication. Its geographical coverage has been extended and its presentation improved, in particular with regard to information on the eastern European countries. Bibliographies on studies and on statistical methods relating to housing and building were published for the first time in 1956 as a supplement to the Quarterly Bulletin. Preparations were advanced to launch the first issue of an annual publication on housing and building statistics for Europe.

11. The Working Party on Housing and Building Statistics agreed on standard definitions of an additional number of concepts and terms and continued work on others with a view to improving the accuracy and comparability of European housing and building statistics. The Committee's activities in this field are co-ordinated with that of the Conference of European Statisticians and of the United Nations Statistical Commission.

E. Inter-regional Co-operation

12. As in the past, close touch has been maintained with the work of the regional Economic Commissions and of other United Nations organs and Specialized Agencies, and the attention of the Housing Committee has been drawn to relevant activities undertaken by these bodies. Reports on Committee activities in a number of economic and technical questions in the field of housing and building were made to the ECAFE Working Party on Housing and Building Materials and to the United Nations Seminar on Housing through Non-Profit Organizations held in Denmark in the summer of 1956, arranged for representatives from Asian countries.

F. Decisions of the Eleventh Session of the Economic Commission for Europe

13. The Committee took note of a paper by the Secretariat summarizing the discussion and the decisions taken at the eleventh session of the ECE as they affect the work of the Committee (HOU/Working Paper No. 34). The implications of the Commission's relevant decisions, in particular of Commission Resolutions 8(XI) and 7(XI) concerning the Commission's programme of work for 1956/1957 and the economic development of southern Europe, respectively, are embodied in the work programme.

G. Technical Co-operation

14. The Committee examined the implications in the field of housing and building of Resolution 4(XI) adopted by the eleventh session of the Economic Commission for Europe on East-West Contacts. It recalled that the CIB had been set up following preparatory work undertaken in the Committee and recommendations thereby. It agreed that now that institutes in almost all European countries were or would shortly become members, the CIB should be supported and strengthened as one of the principal all-European instruments for collaboration in purely technical matters, as set out in HOU/Working Paper No. 38. Nonetheless, it was emphasized that the Committee, as an inter-governmental body, was competent to take up any questions in the housing field, whether economic, social or technical, which had implications for government policy. In practice, this meant that the conclusions to be drawn from some of the technical enquiries carried out by the CIB would require consideration by the Committee at an appropriate time. The Committee reaffirmed the importance of promoting in various forms the flow of information on housing and building on an effective reciprocal basis through the ECE Housing Committee, the CIB and other international specialized organs and on a bilateral basis. In this connexion the Committee noted the progress already made in implementing the resolution in question, in particular in regard to the exchange of information and visits. Interested governments were invited to report proposals they might have in this respect with a view to further implementation of the resolution in writing to the Secretariat. Invitations for group visits by members of the Housing Committee were received from Czechoslovakia to take place in 1958 and Austria in 1957.

H. Programme of Work

15. The Committee's attention was drawn to Resolution 630 (XXII) AI of the Economic and Social Council recommending inter alia the co-ordination of work programmes of the regional Economic Commissions and the concentration of activities on major economic and social problems. The Committee approved its programme of work for the coming year for presentation to the twelfth session of the Commission.

III. ORGANIZATIONAL STRUCTURE

16. The Committee held a full discussion on its organizational structure and methods of work. It decided to simplify its structure and abolish two of its Working Parties, namely on Development of Housing Policies and on Cost of Building. Emphasis was laid on the full use of expert rapporteurs made available by governments and on meetings of ad hoc groups on specific subjects, such as the ad hoc Working Party on Problems of Housing Development in Less Industrialized Countries, which was established. It was agreed that the Committee itself was the proper forum for considering conclusions arising from the work of such groups, and generally all housing questions, both economic and technical.

17. The following served as officers of the Committee and of its subsidiary bodies:

Housing Committee	Chairman	: Mr. GORYNSKI (Poland)
	Vice-Chairman:	Mr. ANONSEN (Norway)
Working Party on Development of Housing Policies	Chairman	: Mr. BONNOME (France)
	Vice-Chairman:	Mr. CERVENKA (Czechoslovakia)
Working Party on Cost of Building	Chairman	: Mr. DE VESTEL (Belgium)
Working Party on Housing and Building Statistics	Chairman	: Mr. DE JONGE (Netherlands)
	Vice-Chairman:	Mr. VLCEK (Austria)
Ad hoc Working Party on Problems of Housing Development in Less Industrialized Countries	Chairman	: Mr. PAQUAY (Belgium)
	Vice-Chairman:	Mr. MAKSIMOVIĆ (Yugoslavia)

IV. MEETINGS HELD

Housing Committee	Twelfth session	16 May 1956
	Thirteenth session	28 and 29 November and 1 December 1956
Working Party on Development of Housing Policies	Eighth session	14 to 16 May 1956
	Ninth session	26 November 1956
Working Party on Housing and Building Statistics	Sixth session	14 to 16 May 1956
	Seventh session	30 November and 1 December 1956
Working Party on Cost of Building	Eighth session	26 November 1956
Ad hoc Working Party on Problems of Housing Development in Less Industrialized Countries	First session	27 November 1956

ANNEX II

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 MAY 1957 AND A SUMMARY OF THE ENSUING DEBATE ON THE HOUSING COMMITTEE

"...

Mr. GORYNSKI (Poland), Chairman of the Housing Committee said that the chief developments in 1956 had been the greatly increased interest shown by governments in housing policy throughout Europe and the Committee's decision to concentrate on economic and social problems of overriding urgency to governments. The Committee had therefore tried to redouble its efforts to help members to find appropriate solutions, but had simultaneously sought to simplify its structure by abolishing two of its three standing subsidiary bodies and deciding to make greater use of rapporteurs and small ad hoc groups of experts to prepare conclusions and recommendations.

Only two working parties had been retained - the Working Party on Housing and Building Statistics and the ad hoc Working Party on Problems of Housing Development in Less Industrialized Countries. The latter was trying to put into effect the recommendation made by the expert mission to Yugoslavia and Turkey by examining the problems involved in practical co-operation between the countries concerned.

Since the beginning of 1957, the Housing Committee had been working on two especially complex and important problems.

The first was housing finance. The work consisted in bringing together work already done within the Committee and in other bodies, and in preparing recommendations so grouped as to give equal weight to the requirements of housing policy and the principles of financial policy. The Committee was thus implementing at the regional level a resolution of the Economic and Social Council recommending among other things the convening of regional meetings of experts in that field.

The second project was a comparative study of governments' technical housing policies, with particular reference to cutting the cost of house building. The study brought together within a single compass the findings of several enquiries carried out by rapporteurs from various regions in Europe.

The Committee was thinking of dealing in its annual reports on progress in housing and housing policies in Europe during the preceding year with certain long-term problems such as those of rural housing, the formulation of house-building programmes and the organization and methods of housing management and maintenance.

Technical co-operation had already been discussed by the Commission, which should consult the Secretariat paper on the development of contacts between countries of eastern and western Europe (E/ECE/271) relating to item 9 of the agenda (development of contacts between countries of eastern and western Europe). It would be remembered that he had supplied the Commission at its eleventh session with some information on the organization and work of the International Council for Building Research, Studies and Documentation (CIB), which had been set up to provide the framework for international co-operation between scientific and technical institutes working in that field. With the accession of many new members, CIB had since become an organization embracing almost all European countries. In particular, the scientific institutes of the Soviet Union and Poland would be represented at the next session of its Executive Council. A close and lasting relationship between ECE and CIB would enable a good balance to be established and maintained between the technical, economic and social aspects of housing.

The study visits organized each year after the Committee's spring session were an effective means of technical co-operation, enabling, as they did, various housing problems to be examined on the spot. The Committee's most recent visit had been to Belgium and the Netherlands. It would visit Austria in 1957 and had received an invitation to visit Czechoslovakia in 1958.

As the Chairman of the Housing Committee for three years, he had been able to get some insight into the quality of the Secretariat's work, and must pay a tribute to the outstanding professional and personal qualifications of the senior members, whom he thanked for their competent and friendly collaboration.

Mr. GARCIA-MIRANDA (Spain) said that the Spanish delegation had attentively studied the report of the Housing Committee and wished to emphasize the importance it attached to the valuable contributions made by the Committee to the reduction of the European housing shortage. For that reason, the Spanish Government did not confine itself to passive appreciation of the Committee's work, but had, through the competent national authorities, communicated all information relating to housing which it thought might be of practical use to other countries.

In Spain many official, municipal, co-operative and private bodies were actively working on the solution of national and local housing problems. The following were typical of the measures taken: prefabrication of standard houses; allocation of building materials at, or below, cost price; construction of cheap, rent-controlled housing; granting of facilities for long-term mortgages at reduced rates of interest; and provision for tax exemption and subsidies in favour of private enterprises constructing low-rent dwellings.

In addition, projects were under way for the construction of entirely new urban centres in formerly arid areas reclaimed by irrigation, which would further assist their economic recovery and repopulation. Two typical examples would serve to illustrate the results achieved: in the province of Badajoz an almost entirely depopulated area had been transformed into a highly productive region with 130,000 hectares of newly irrigated land, and eleven villages, fully supplied with electric power, water and main drainage, built by the National Institute for Land Settlement. And in the field of urban house building, the National Housing Institute had made provision for the construction of 550,000 low-rental houses in its current five-year plan.

Further proof of the importance his country attached to the problem was the recent creation of a Ministry of Housing with the task of concentrating and reinforcing the nation-wide effort to provide good and abundant housing for all.

Mr. MUŽÍK (Czechoslovakia) said that, with a figure of 293 dwelling units per thousand inhabitants, Czechoslovakia compared favourably with other industrially advanced countries in Europe. However, his country's steadily rising living standards demanded an intensification of building, and in response to that demand 50,600 dwellings had been built in 1955 and more than 63,000 in 1956, as against 38,000 in 1954. At the same time, the construction of dwelling units, mainly one-family houses, had accounted in 1956 for approximately 48 per cent of all building, compared with 27 per cent in 1954. That important progress was due mainly to substantial State aid, and to the rapid growth of the production of local building materials.

Nevertheless, there were still some unsolved problems, mainly because the building industry had been unable to keep up with the growing demand for new housing. That demand was being stimulated by the very modest fixed rents, which in fact were among the lowest in the world, the average percentage of the family budget spent on rent being only 2.2 per cent in the case of workers and 2.8 per cent in that of salaried employees.

The work of the Housing Committee was consequently of great interest and potential assistance to his country, more particularly with reference to its inquiries into the problems of creating a sufficient supply of good standard housing, of slum clearance and of the replacement of condemned dwellings by modern low-rental housing.

The Czechoslovak delegation was pleased to note that the Committee had included subjects of wide general interest, such as industrialization of the building industry, including mechanization, prefabrication, modular co-ordination etc., in its programme of work. In that connexion, it wished to record its desire that those subjects, together with problems relating to the reduction of construction costs, planning methodology, slum clearance etc., should be further studied by the Committee, and that in so doing the latter should pay greater attention to the provisions of the resolution on East-West contacts, adopted by the Commission at its eleventh session, through the exchange of experts, documentation and experience. The Czechoslovak delegation was happy to announce its Government's intention of inviting members of the Housing Committee to visit Czechoslovakia in the course of 1958. Since the participants in a similar visit to Poland in 1955 had been unable to remain in Prague for more than a few hours, it was hoped to prepare a more extensive tour of cities, towns and new housing centres under construction, as well as of building enterprises.

In extending that invitation, the Czechoslovak Government wished to give practical expression to its conviction that mutual appreciation of the specific problems affecting individual countries, and the personal contacts made on such study tours, were among the best means of exchanging experience and at the same time promoting better mutual understanding.

Mr. KUDRYAVTSEV (Byelorussian Soviet Socialist Republic) said that during 1956 the Housing Committee, in connexion with its study of the technical aspects of housing policy, had inquired into the mechanization of building operations, the standardization of building materials and components and the prefabrication of structural parts. The Byelorussian delegation regarded that work as of great interest to building experts throughout Europe, and hoped that it would be possible to give special publicity to the Committee's findings.

The Committee had organized visits of experts to various parts of Europe, and the Byelorussian delegation wished to express its appreciation of that initiative and, in particular, of the most satisfactory visit paid by Byelorussian experts to Belgium.

The Byelorussian Republic had recently been extremely active in building new houses, partly in order to make good the great losses suffered in the second world war, and partly to provide for the needs of an expanding population. On the basis of Government credits and public loans, the Republic had built more than 7 million m² of dwelling space during the past ten years.

However, much still remained to be done in both urban and rural building in Byelorussia, where, as in other countries, the satisfaction of housing needs continued to set an urgent problem. For that reason, among others, the work of the Housing Committee was extremely important, and the Committee should be given every encouragement to circulate technical information and to arrange for exchange visits of European experts. His country would continue, as in the past, to participate actively in the Committee's work.

Mr. FANIEL (Belgium) said that his delegation was extremely interested in the Committee's annual review of the housing situation in Europe, which was a matter for emulation or justifiable pride, as the case might be, to the governments scrutinizing it, and deserved to be continued. The Belgian Government must be excused for failing as yet to reply to the questionnaire; the delay was due to the fact that a National Housing Institute had been set up in Belgium, entailing the re-organization of the government departments concerned.

The Committee would be well-advised not to place the problem of building management on its agenda when it had other much more urgent work to embark upon or continue. In the Committee, the Belgian delegation had remarked that a detailed study of building costs would be untimely, and he was glad to note that the study had been restricted to the cost of building on controlled sites; more accurate information might be expected from such a narrower inquiry.

The Belgian delegation welcomed the abolition of certain of the Committee's working parties, and the increased use of the services of rapporteurs. The latter method undoubtedly meant a greater work-load for the Committee, but it saved valuable time.

The section of the report dealing with the housing problems of less industrialized countries was interesting. The value of working out practical programmes supported by United Nations assistance and the exchange of technical information between the various countries should be stressed.

He was glad to hear that the Byelorussian experts had derived useful lessons from their visit to Belgium and thanked the Czechoslovak Government for inviting members of the Committee to visit that country in 1958.

Mr. VLAHOV (Yugoslavia) said that the Housing Committee's work had been satisfactory. Appreciable success had been achieved, especially in establishing contacts for the exchange of experience in the solution of technical and economic problems in the building industry. The importance of the documentation on the housing situation in Europe, on trends in building activity and recent changes in housing policy, on methods of financing, on rent policies and on the reduction of building costs should be stressed. The Committee should continue its work on all these subjects.

The Yugoslav Government was particularly interested in the Committee's efforts to improve the exchange of experience in housing and building policy through reciprocal visits, exchanges of experts and exchanges of building materials and licences for building processes. He was also glad to find that the Committee had started work on the housing problems of the less industrialized countries. The Yugoslav Government had greatly appreciated the suggestions made by the expert mission which had visited Yugoslavia and Turkey in 1956. It was also gratifying to report that Yugoslav experts had been made very welcome in Sweden and that an agreement for training Yugoslav experts had been concluded with Belgium.

The Yugoslav Government placed great weight on technical assistance provided within the framework of the United Nations and the International Labour Organisation. It was to be hoped that close collaboration would be thus encouraged between countries which had reached much the same stage of economic development. An example was the close co-operation established between Greece, Turkey and Yugoslavia for the exchange of materials, collaboration among experts and, possibly, the establishment of an international centre for the study of building problems. It would be most desirable for the Committee's work to be extended to take in problems of community economy. It might be well to place on the Committee's agenda the study of town and village organization with the object of collecting and studying documentation on the important experiments in urban and rural town-planning already carried out by various European countries.

Mr. GUERRA (Portugal) said that the Portuguese Government had collected data for a detailed reply to the questionnaire sent to it. It would thus be able to contribute for the first time to the work in common carried out by ECE.

Since his Government was especially interested in scientific work and in concentration of effort calculated to produce tangible results, the Portuguese delegation had been greatly interested in the Housing Committee's report, and was glad to be able to give an assurance that it intended to take part in the Committee's future work.

Mr. BORIS (France) endorsed the expressions of gratitude addressed to the Chairman of the Housing Committee and the Secretariat. The French delegation had welcomed the proposals for re-organizing the Committee's structure and methods of work, and he was glad to find that they had resulted in the abolition of two of the Committee's subsidiary bodies. To make more use of rapporteurs than in the past was a good move, and an effort should also be made to ensure better co-ordination with national administrations in the selection of rapporteurs. The Committee should also draw largely on the specialized international institutions, such as CIB, which had been set up to study technical problems and, in particular, building costs.

The studies on the housing problems of less industrialized countries were very useful. French government experts, it would be remembered, had been members of the mission sent to Turkey and Yugoslavia.

The French delegation was interested in inter-regional co-operation, and there too collaboration with such specialized bodies as the International Federation for Housing and Town Planning was necessary.

Mr. TESORO (United States of America) said that the United States delegation had listened with interest to the oral report of the Chairman of the Housing Committee. There could be no doubt that during 1956 the Committee's activities had been both practical and constructive. Furthermore, his delegation was pleased to note that the Committee had already taken action to streamline its structure in pursuance of resolution 630 A I (XXII) of the Economic and Social Council, to which it would be reverting under another item of the agenda.

The Committee had formerly done much of its detailed work through working parties made up of its own members. Those bodies were now being gradually replaced by groups of rapporteurs, appointed by member Governments to serve as specialists on specific

studies, and who were selected for their professional qualifications and were not necessarily members of the Committee. The United States delegation considered that the new system was working quite satisfactorily, and did not believe that it should entail longer or more frequent meetings of the Committee itself.

His country had co-operated on all the main studies made under the new system; for example, on the report on slum clearance and on the joint inquiry made by rapporteurs and the Secretariat into the influence of government technical policies on housing costs.

The United States of America was particularly interested in, having indeed originally proposed, the joint study on the breakdown of housing costs. The US Housing Agency had supplied detailed information on the subject, and all countries members of ECE had been asked to provide data on current practices in their respective countries.

His country had provided a rapporteur who was in process of preparing a paper for the special session of the Committee to be held in May on methods of financing housing, including various means of utilizing government subsidies.

The work of the Housing Committee in the fields of housing policies, housing economics and statistics, and housing finance had been excellent, and the Secretariat had dealt satisfactorily with the broader economic and policy issues. There could be no doubt that the initiative taken by the Secretariat, with the support of the Committee, in requesting that all member Governments furnish improved statistics and in addressing detailed questionnaires to governments on housing policy and financing had greatly benefited all members, and had probably enabled their governments to analyse more effectively their needs and resources and to develop suitable policies and programmes.

The United States delegation would like to sound a note of warning about a trend which, in the Housing Committee as in other ECE Committees, might have unsatisfactory consequences, namely, the tendency of certain countries to recommend for study projects of a highly technical nature. With all due respect to the high qualifications of the Secretariat, it seemed obvious that it must be less well fitted to deal with technological subjects, because ECE's terms of reference mainly related to the solution of economic and policy problems. His delegation therefore believed that CIB was the proper body to deal with technological subjects. If changes in government policy or legislation were required to promote technological progress, ECE might well have a legitimate interest in the matter; but even in that case it would be more appropriate for it to confine itself to the policy implications proper.

The United States Government believed that technical assistance in the field of housing, in which specific advice was given to a host government by visiting technical advisers, was properly the concern of the United Nations Technical Assistance Administration. In the light of the allocation by the Economic and Social Council of responsibilities among the United Nations and the specialized agencies, his Government could not agree that ECE should assume such technical assistance functions. It was by no means opposed to the Housing Committee examining the relation of housing and urbanization to economic development, provided that that could be done within existing budgetary resources and was deemed of sufficient priority. But the function of assessing requirements in foreign aid and of determining the importance of housing development needs in relation to other aid requirements was not one which properly fell to the Housing Committee of ECE.

In conclusion, the United States delegation wished once again to express its appreciation of the practical and constructive work done by the Housing Committee during 1956.

Mr. CAPPELEN (Norway) said that his Government had followed the work of the Housing Committee with keen interest and was happy to express general satisfaction with its activities and report.

He would therefore confine himself to one or two specific points of interest. The decision taken in 1956 to simplify the Committee's structure had been a move in the right direction. However, the Committee had shown a tendency to concern itself with questions of a purely technical character which it would surely be more desirable to leave to the appropriate international building research bodies. What the Committee could effectively do was to ensure that technical research institutes were kept supplied with fresh material and to evaluate and publicize the conclusions reached by such bodies, in relation to the formulation of general building policy.

The Norwegian delegation thought that the Committee's studies of housing finance and slum clearance had been well organized and useful to all members of the Commission. The activities of the Working Party on Housing and Building Statistics had also been extremely valuable, and had helped to improve the quality of the ECE Quarterly bulletins of housing and building statistics. It therefore strongly recommended that the Working Party should be kept in being.

Mr. BOBYREV (Union of Soviet Socialist Republics) joined with other representatives in commending the Committee's constructive work. During the past year, Soviet Union experts had participated in both sessions of the Committee, and representatives of his country had visited, under the Committee's auspices, Belgium, the Netherlands and Yugoslavia, where they had seen much of interest.

His Government considered the Committee's work on the technical aspects of housing policy to be valuable, and wished in that connexion to emphasize the importance of the studies on prefabrication of building components and on heat-insulation techniques.

At the Committee's twelfth session, it had been decided to embark upon technical co-operation with specialized non-governmental organizations such as the International Organisation for Standardization (ISO) and the International Union of Architects (UIA). Such non-governmental organizations were doing good work in compiling appropriate technical data, and the Soviet Union delegation thought it desirable for the Committee to study their reports, especially those of UIA on the rational utilization of available housing space and on standard dimensions for housing units.

It further recommended the Committee to continue its examination of the possibility of using ferro-concrete blocks and slabs in building, and hoped that it would take steps to encourage the exchange of and publicity for films and other visual information media on building projects and techniques.

Mr. HOROSZKIEWICZ (Poland) recalled the vast damage sustained by the Polish housing stock during the second world war. Since the housing problem, which had been extremely acute in Poland immediately after the War, was still far from solved in spite of his country's great efforts in reconstruction and would continue to be felt for many years, the Polish Government was particularly interested in the work of the Housing Committee and CIB.

Among the measures taken to help member countries to solve their housing problems, the Polish Government laid particular weight on the organization of reciprocal visits by experts, which had always borne fruit. It was also interested in the Committee's annual reports on the housing policies of European governments and in the statistical material published by the Secretariat.

The technical, economic and social problems arising in housing were inseparable. The Polish delegation particularly welcomed the establishment of CIB, which was competent, as an inter-governmental organization, to deal with any matters pertaining to housing, whether economic, social or technical, that might have implications for government policy. The Polish Government was now represented on CIB and would try to co-operate with it to the best of its ability. In future, CIB's programme should be drawn up on the basis of the needs and work of the Housing Committee wherever the technical aspects of a problem required detailed study. If that was not done, the Committee might feel that it was not required to co-ordinate the technical and economic aspects of Europe's housing problem and might be in danger of duplicating CIB's work.

Mr. KHOTENKO (Ukrainian Soviet Socialist Republic), after associating himself with the tributes already paid to the work of the Housing Committee and its subsidiary bodies during the past year, said that in his delegation's view the Committee's work could be made still more effective, if greater attention were paid to the study of questions relating to the industrialization and standardization of building operations and components, the technique of continuous mass production and the effective utilization of building materials, and to methods of prolonging the life of living accommodation already in use.

He urged that the Committee should also draw up and put into effective constructive programmes for mutual co-operation between European countries on housing problems including, for example, the organization of regular exchanges of visits by housing specialists from different countries, the organization of international building fairs and so on.

He recalled that during the past few years a vast building programme had been carried out in the Ukraine, and that the amount of dwelling space constructed in cities and workers' settlements during 1957 would be 1.9 million m² greater than in 1956. While the Ukraine possessed a vast building industry and an extensive system of planning bodies and institutions, the Ukrainian Academy of Building and Architecture was also playing an important part in the improvement of building methods. His country, which possessed considerable experience in building matters, was prepared to share that experience with other members of the Commission. During the last few years in particular, very satisfactory results had been achieved in building by the continuous mass-production method. There was no doubt that every other country would also have accomplishments to report, and the Housing Committee could and should be a body in which all the countries of Europe could exchange information on their experience and achievements in building.

Mr. INAN (Turkey) had carefully studied the Housing Committee's report, and had listened with interest to the statements made by its Chairman and by previous speakers in the discussion. Reference was made in paragraph 9 of the report to the work of the mission of housing and building experts sent to Turkey at the request of his Government. The Turkish delegation wished to express its gratitude to the mission for the conscientious and competent manner in which it had carried out its work. The Turkish Government had taken, and would continue to take, practical steps to implement the experts' recommendations, and as a start had already set up a central housing agency.

Mr. GORYNSKI (Poland), Chairman of the Housing Committee, thanked the delegations that had made comments and suggestions on the Housing Committee's activities. He would not fail to pass them on to the Committee. He had been pleased to see that many delegations had intimated their intention of continuing to take part in the Committee's work, and to note that Portugal had decided to begin to do so. He shared the views of the representative of the United States of America about the need for co-ordinating the Committee's work with that of the United Nations Technical Assistance Administration. The fact that the Committee had in conjunction with the technical assistance authorities sent an expert mission to Yugoslavia and Turkey in 1956 showed that it was quite possible to avoid overlapping. With reference to the remarks made by the French and Yugoslav delegations on the questions of developing technical collaboration at the regional level, he said that the Housing Committee had already had occasion to work in conjunction with the specialized agencies, for instance, on the utilization of housing space.

Owing to the re-organization of the Committee's work, sufficient data were not yet available to enable him to comment on the point raised by the Belgian representative about the duration and frequency of its sessions.

The CHAIRMAN declared that the Commission had completed its consideration of the report of the Housing Committee (E/ECE/265 - D).

..."

ANNEX III

EXTRACT RELATING TO THE WORK OF THE HOUSING COMMITTEE FROM THE REPORT OF
THE COMMISSION TO THE ECONOMIC AND SOCIAL COUNCIL

" ...

1. A large number of delegations took the floor to commend the constructive and practical work carried out by this Committee. General satisfaction was expressed at the balance achieved in the work programme, which enabled the Committee to concentrate on major problems of immediate concern to governments. As a corollary to this, most delegations welcomed the simplification of the Committee's structure and the increased use being made of rapporteurs made available by governments and of contributions from international non-governmental technical and professional bodies.
2. Commenting on the programme of future work, some delegations stressed the importance which their governments attached to the two major projects undertaken by the Committee this year, namely the preparation of reports on the financing of housing and on government technical policies in relation to the cost of building. Several delegations also singled out as being of particular value to their governments the annual surveys of housing developments and policies and the work of the Statistical Working Party, including the regular publication of statistical bulletins in the field of housing and building. The representatives of several countries expressed the appreciation of their governments for the valuable help provided by the work of the Committee on problems of housing in the less industrialized countries which, it was noted, had been carried out throughout in consultation with the United Nations Technical Assistance Administration. One delegation remarked that technical assistance whereby advice is given to a host government by a visit of technical advisers is the business of the United Nations Technical Assistance Administration. In line with ECOSOC allocations of responsibilities among UN agencies, this delegation opposed the assumption of such concrete technical assistance functions by ECE.

3. With regard to technical co-operation, the announcement that the International Council for Building Research, Studies and Documentation (CIB) had now a nearly all-European membership was noted with satisfaction. It was generally considered that this development would not only facilitate all-European co-operation on the highly technical aspects of housing questions but would also materially contribute to the work of the Housing Committee. Most of the delegations agreed that housing and building was a fertile field for an exchange of information and the sharing of experience by means of study trips and indeed in this connexion that a group visit is to be held this year in Austria and the following year in Czechoslovakia.

4. A number of delegations took the opportunity of the consideration of the Report of the Housing Committee to give an account of housing developments in their respective countries. The delegate of Portugal said that his Government is very interested in the work of this Committee and will do its best to take an active part in its future activities.

... "

ANNEX IV

RESOLUTION RELATING TO THE PROGRAMME OF WORK FOR 1957/1958

Unanimously adopted by the Commission

THE ECONOMIC COMMISSION FOR EUROPE

HAVING EXAMINED the reports of the Committees on their activities and the programme of work of the Commission for 1957/58,

NOTING that in the course of the twelfth 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 twelfth session,

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

ANNEX V

EXTRACT FROM SUMMARY RECORDS OF THE COMMISSION'S DEBATE ON IMPLEMENTATION OF RESOLUTION 630 A 1 (XXII) OF THE ECONOMIC AND SOCIAL COUNCIL RELATING TO THE DEVELOPMENT AND CO-ORDINATION OF THE ECONOMIC, SOCIAL AND HUMAN RIGHTS PROGRAMME AND ACTIVITIES OF THE UNITED NATIONS AND THE SPECIALIZED AGENCIES AS A WHOLE

"...

The CHAIRMAN drew attention to the Note by the Executive-Secretary (E/ECE/276) dealing with resolution 630 A 1 (XXII) of the Economic and Social Council on general review of the development and co-ordination of the economic, social and human rights programmes and activities.

Mr. MYRDAL, Executive Secretary, recalled that he had touched on his Note in his opening statement at the first meeting of the session. He must express his gratitude for the support the Secretariat had invariably received from governments when it had taken any initiative to increase the efficiency, economy and co-ordination of the work. Resolution 630 A 1 (XXII) was not the first in which the Council had given the Commission a reminder about its work. Indeed, the whole organization of the work programmes had been begun at the Council's request. Unfailing vigilance was always required, especially as the work to be done with such limited resources was so intensive. The ECE Secretariat had always resisted any temptation to regard any piece of work as its own, and had always been happy to hand it over to some more appropriate organ. That, in a measure, had accounted for its success over the past ten years. The Council resolution would definitely strengthen the Commission's hand in dealing with its committees. He had taken it upon himself to draw their attention to the resolution without awaiting the Commission's approval. That initiative had not been unsuccessful. There were some further suggestions in the Note which, it was to be hoped, the Commission would find some way of endorsing before they were passed on to the committees.

Mr. LINTHORST HOMAN (Netherlands) said that the Netherlands delegation to the Economic and Social Council had played an active part in the framing of resolution 630 A 1 (XXII), because his Government attached particular importance to the question of the development and co-ordination of the economic, social and human rights programmes and activities of the United Nations and the specialized agencies as a whole. He considered that a well-balanced programme covering specific topics was the essential condition for useful work, and the only means of achieving concrete

results at an early date. It was also necessary to draw up an order of priority within the programme, so that non-essential tasks could be deferred. He approved of the several changes proposed by the Executive Secretary in paragraph 22 of his Note, except that he doubted the wisdom of the proposal in sub-section (vi) for the deletion from the work programme of the Inland Transport Committee's project on terminology (07.1.5). As for the proposals on the exchange of technological information contained in paragraph 27, he would stress the need for caution in the field of technology. Lastly, he must emphasize the importance of co-ordination with other United Nations bodies and the specialized agencies. The Executive Secretary had an important part to play in that sphere, as indeed had governments, which should give their experts precise instructions on the subject.

The EARL of GOSFORD (United Kingdom) said that the agenda for the present session testified to the breadth of the field covered by the Commission and its subordinate bodies. The Commission had to concern itself with every aspect of economic life, but the very scope of its interests entailed some danger that its effectiveness might be impaired by undue dispersion of effort. The United Kingdom delegation had drawn attention to that danger at the previous session, and the Economic and Social Council had subsequently adopted resolution 630 A 1 (XXII). On the whole, ECE enjoyed a good reputation for the care it took to avoid unpractical, unnecessary or unproductive work, or work that was not urgent. The re-examination of their work programmes undertaken by the committees in pursuance of the Council resolution had resulted in further streamlining of the general programme. The Commission should now give its subordinate bodies the guidance they required to enable them again to review their programmes of work and bring them up to date.

Subject to the general direction of the Commission, the committees had always been left to draw up their own programmes of work. That was a desirable practice which should be continued, for it was the experts who had to carry out the Commission's directives, and, in the last resort, they alone could decide what was feasible. The Executive Secretary's Note showed that the Commission's work was in fact reasonably well balanced and the guidance it provided would be useful to the committees when they again reviewed their programmes. The fact that they had already done so in the light of the Council's resolution did not mean that they had thereby discharged their responsibilities in that regard. The scrutiny of the work programmes must be a continuing process.

Due regard must be paid to the budgetary implications of programmes of work. At the Council's twenty-second session the United Kingdom delegation had drawn attention to the ever-increasing cost of the programmes, particularly those of the specialized agencies. ECE had been careful in that respect, and had not laid itself open to charges of extravagance. It was, however, a consideration that must always be borne in mind. Moreover, the question of staff must be considered in conjunction with that of funds. The Commission was aware of the need to refrain from overburdening the Secretariat. It was true, as the Executive Secretary had stated in connexion with the subject under consideration that ultimately what was needed was for the work to be done by governments themselves. But the Commission's work already imposed a considerable burden on national experts, and as the work expanded, the burden must inevitably increase. For some States Members of ECE the load was already almost insupportable. Their public departments were not filled with officials who could afford to spend long periods away from their home duties. For many countries, that was a most important factor which had to be borne in mind when considering proposed additions to a programme of work.

Representatives of governments whose views on economic and social policy were not merely different but fundamentally opposed took part in the Commission's work. There was a great deal that they could do together, but there were obviously limits to the kind of task they could undertake unless governments changed their whole approach to economic and social matters. However desirable such a development might be, it could not be expected to come about overnight. The Executive Secretary had said that it had been his constant preoccupation to focus the limited resources available on work of primary importance for all-European economic collaboration along lines agreed by governments, and (in paragraph 17 of his Note) that the participating governments had constantly sought to avoid dealing with issues on a high level of generality where, in fact, agreement was often impossible or of little significance. The warnings implicit in those statements must not be ignored.

At its tenth and eleventh sessions, the Commission had adopted resolutions requiring its committees to give special attention to what had come to be called in ECE "contacts". The first (1(X)) had been concerned particularly with production experience and scientific-technical and statistical information; the second (4(XI)) had been more general in scope. The United Kingdom delegation had not only supported both those resolutions, but had in fact been a sponsor of resolution 1(X). In giving

effect to those resolutions, however, excessive attention was being paid to purely technical matters. The United Kingdom delegation had repeatedly emphasized that there were very definite limits to the extent to which its Government could take part in technical exchanges; other delegations probably found themselves in the same position. That limitation sprang directly from the social and economic system of the United Kingdom, where technical and production experience in manufacturing industry was almost entirely the property of private persons and businesses. The more closely technical information was related to individual production processes, the less likely it was that it could be made available otherwise than through normal commercial channels. The Commission had been able to arrange useful technical exchanges in the basic sectors of the economy, such as agriculture, steel, coal-mining and forestry, but differences arose in the case of secondary industries, where there was no government participation. It must be made quite clear that the United Kingdom Government had no power whatsoever to compel private industry to take part in technical exchanges. Due discretion should therefore be exercised in choosing appropriate fields for them.

With reference to the Executive Secretary's specific proposals, the United Kingdom delegation approved the proposal that the Committee on Agricultural Problems meet once a year, and agreed that consideration should be given to the future of the Working Parties on Agricultural Machinery and on the Mechanization of Agriculture; but it did not think that the two last-named bodies should be amalgamated to cover the entire range of work with which they were at present independently concerned. The only useful work that could be done in the sphere of agricultural machinery was to take account of the user's standpoint, and that was covered by the present terms of reference of the Working Party on the Mechanization of Agriculture. Consequently, the Working Party on Agricultural Machinery should be disbanded. The best way of doing so would be to bring the Executive Secretary's proposal to the attention of that Working Party, which was in fact already taking steps to assess the results of its activities.

The suggestion that the project for the preparation of a glossary of technical statistical terms should be given non-priority status and should be made the direct responsibility of the International Statistical Institute certainly merited consideration and it was to be hoped that the Conference of European Statisticians would consider it further. His delegation also agreed that the Coal Committee's

project on the pitwood supply situation (03.3.1) might be deleted, since the subject was adequately covered elsewhere. It also agreed that the specific project on the review of trends of production, demand and trade in engineering products (05.1.1) and the Inland Transport Committee's project on Terminology (07.1.5) might be deleted.

Subject to the views it had stated earlier in the session on the launching of work on nuclear energy, the United Kingdom delegation was in general agreement with the Executive Secretary's suggestions about energy. All of them were in fact the subject of work in progress. Expansion in other key sectors was also attracting the Commission's attention. The point was relevant that it was rather in the field of the basic sectors of the economy, in particular manufacturing techniques, that study within the Commission was appropriate. As for technical subjects, the United Kingdom delegation agreed strongly that the Commission's time should not be taken up with such exchanges as could properly be carried out either directly or in specialized bodies.

Mr. von ZAHN-STRANIK (Federal Republic of Germany) associated himself with the Netherlands representative's remarks on paragraph 22, sub-section (vi) of the Executive Secretary's Note. He believed that inland transport terminology was a matter of some importance, and that the proposal in sub-section (vi) should therefore be rejected.

Mr. ALLYN (United States of America) wished to support the general views expressed by the representatives of the Netherlands, the United Kingdom and the Federal Republic of Germany.

The United States delegation attached considerable importance to Council resolution 630 A 1 (XXII) especially the paragraph which recommended to the regional economic commissions that they pay special attention to further concentration of their activities on major problems.

During the debate on the activities of the Commission and its Committees, the representatives of a number of smaller countries had mentioned the difficulties their governments experienced in finding experts to attend the meetings of the Commission and its subsidiary bodies. In the opinion of the United States delegation, neither big countries nor small countries could be expected to send representatives regularly if the meetings were so frequent that the experts in question were unable to carry out their normal work. He was glad to know that in 1956 the number of meetings held by the Commission and its subsidiary bodies had been smaller than in previous years, and that a further reduction was to be expected in 1957.

His delegation endorsed the use of the system of rapporteurs, which, it thought, would enable the Commission to meet the wishes expressed by the Council in resolution 630 A 1 (XXII).

Another important Council resolution which should be borne in mind was resolution 557 B 1 (XVIII), which instructed the commissions to submit to the Council for prior approval all requests for new studies or other projects which would require additional budgetary provisions or substantial changes in the work programmes.

His delegation was glad to have the Executive Secretary's useful analysis in document E/ECE/276; and it supported the recommendations in paragraph 22 thereof, which it thought should be referred to the committees concerned. With regard to the proposals made in paragraphs 24 to 28, his delegation had certain reservations, which had to some extent been expressed by the Netherlands representative.

Mr. ZAKHAROV (Union of Soviet Socialist Republics) noted that Council resolution 630 A 1 (XXII) recommended the regional economic commissions to pay special attention to further concentration of their activities on major economic problems.

He thought that the Executive Secretary's Note (E/ECE/276) bore witness to the efforts of the Commission to carry out that recommendation, particularly so far as its programme of work for 1957/1958 was concerned.

His delegation agreed with the judgment expressed by the Executive Secretary in the last paragraph of his Note, that no major changes were at present needed in the emphasis and direction of the Commission's work to ensure further concentration and co-ordination of effort, provided it were understood that the Commission would still endeavour to promote all-European economic co-operation.

The question could not, however, be approached solely from the point of view of possible curtailment of the Commission's activities. The progress of science and technology was constantly throwing up new economic problems; care should therefore be taken to ensure that, in reconsidering their work programmes, the Commission and its subsidiary organs did not render themselves incapable of meeting the demands which progress made of them.

Mr. KURKA (Czechoslovakia) said that his delegation too endorsed the conclusion reached in the last paragraph of the Executive Secretary's Note. Peaceful co-operation in the economic field should be a major concern of all European countries, and particular importance should be attached to any measures for promoting such co-operation.

Council resolution 630 A 1 (XXII) should not be used as a guillotine to dock the Commission's activities.

The United Kingdom representative had said that his Government could not compel private enterprise to take part in the Commission's activities, especially in the matter of technical exchanges. The Czechoslovak delegation understood that, but would request the Government of the United Kingdom not to do anything to prevent the representatives of private enterprise from taking part in such work.

The United Kingdom representative had also referred to the difficulties his Government experienced in finding experts to send to the meetings of the Commission and its subsidiary organs. Czechoslovakia, which had fewer specialists than the United Kingdom, and was further hampered by the fact that its language was not one of the working languages, also had such difficulties, but it nevertheless managed to find the necessary representatives.

Mr. INAN (Turkey) congratulated the Executive Secretary on the lay-out of his Note. The Turkish delegation was prepared to accept the first five proposals in paragraph 22 of that document, but considered that the one in sub-section (vi) should be rejected.

The wording of paragraph 26 on expansion of trade was, he thought, rather too categorical, in that it might lead the reader to believe that ECE had become, or was tending to become, the sole European forum for initial negotiations relating to trade agreements. That was not so. Governments had other instruments to hand, such as direct bilateral negotiations.

Mr. STERIOPOL (Romania) said that, in the opinion of his delegation, the Executive Secretary's note showed that, in preparing the programme of work for 1957/1958, the provisions of Council resolution 630 A 1 (XXII) had been complied with. It was important, however, that the Commission's endeavours to implement the resolution should not lead to a restriction of its activities. The Commission was the only all-European body through which trade relations on an all-European basis could be developed, and nothing should be done to hamper the Commission's work in that field.

His delegation supported the conclusions reached by the Executive Secretary in paragraph 32 of his note, especially regarding the necessity to emphasize the importance of co-ordination and concentration ought not to be taken to mean that the Commission should be reduced or, indeed, even stabilized in scope and in significance.

The EARL of GOSFORD (United Kingdom) thanked the Czechoslovak representative for his acknowledgment of the position of private enterprise in the United Kingdom. The Government of the United Kingdom had neither the desire nor the power to prevent the representatives of private enterprise from taking part in the Commission's work.

The CHAIRMAN suggested that the Commission might take note of the Executive Secretary's Note (E/ECE/276), and append it to the annual report to the Council. The exact wording might be left to the Chair and submitted for approval at a subsequent meeting.

.....

At the conclusion of the debate on this item, the following text summarizing the general consensus by the Chairman was approved by the Commission for inclusion in its report to the Economic and Social Council:

'The Commission expressed satisfaction with the work carried out by its organs in reviewing their programmes during the past year in the light of Council resolution 630 A 1 (XXII). It wished to assure the Council that it is and will remain mindful of the need for continuous efforts toward concentration of its activities on major economic problems and on co-ordination of these efforts, and requested its organs constantly to bear in mind Council Resolution 630 A 1 (XXII) when formulating their future programmes of work.

The Commission expressed its appreciation for the efforts made by Governments and the Secretariat to achieve co-ordination and concentration. It also drew the attention of its organs to the Note of the Executive Secretary (E/ECE/276), in particular to the suggestions made therein relevant to their work and invited them to consider these suggestions in the light of the discussion of this item. Finally, the Commission wished to bring to the attention of the Council together with the above account of the points made in the discussion the Note of the Executive Secretary, which is appended to this Report.'

...''

ANNEX VI

EXTRACT FROM THE COMMISSION'S REPORT TO THE ECONOMIC AND SOCIAL COUNCIL
CONTAINING A SUMMARY OF ITS DISCUSSION ON THE DEVELOPMENT OF CONTACTS
BETWEEN COUNTRIES OF EASTERN AND WESTERN EUROPE AND A
RESOLUTION UNANIMOUSLY ADOPTED ON THIS QUESTION

"...

1. All delegations which participated in the discussion of the report submitted by the Executive Secretary on this question recognized the usefulness and general importance of the contacts between countries of eastern and western Europe covered by the two resolutions in question, welcomed the appreciable progress achieved in terms of volume, extent and variety of such contacts, both within the framework of the Commission and otherwise, and agreed that the continuance by ECE of such work on the basis of reciprocity was generally desirable.
2. Several of the delegates who contributed to the discussion on this item, gave information on the development of contacts between countries of eastern and western Europe in their respective countries in different fields.
3. Special mention was made of the value of the study trips of the committees, the exchange of scientific and technical information and of special meetings on the economic repercussions of technical problems. Much remained to be done in the field of tourism, and some delegations referred to the desirability of more individual tourism. Nevertheless, apart from the activities of ECE's Inland Transport Committee designed to facilitate the movement of tourists, this work could be undertaken by appropriate non-governmental organizations.
4. Two delegations expressed some doubts about the suggestion made in the Executive Secretary's report concerning the establishment of special professional bodies with all-European participation outside the framework of ECE. They felt that no new professional bodies should be set up unless there was a real need for them. Another delegation felt that this question should be studied carefully by experts in each particular case.
5. Certain representatives thought that the work of the committees in developing contacts between countries of eastern and western Europe could be further improved. This could be achieved by the committees establishing definite and systematic yearly plans of action in this field. One delegation stated that such contacts should

include not only the exchange of visits but also the free exchange of communications and ideas.

6. Eventually the Commission unanimously adopted the following draft resolution concerning the development of contacts between countries of eastern and western Europe submitted by the delegation of the Ukrainian SSR, as amended by the delegation of France.

The Economic Commission for Europe,

Noting with satisfaction the development of effective contacts between European countries which has occurred between its eleventh and twelfth sessions in accordance with resolution 4 (XI),

Invites its Committees to consider each year at their first sessions, the possibilities for the further development of contacts, including study tours, on questions within their respective terms of reference.

..."

ANNEX VII

EXTRACT FROM COMMISSION'S REPORT TO THE ECONOMIC AND SOCIAL
COUNCIL CONTAINING A SUMMARY OF DEBATE ON WORK ON
ECONOMIC DEVELOPMENT OF SOUTHERN EUROPE

"...

1. The representative of Yugoslavia stated that the Note by the Executive Secretary on the item under discussion showed that a number of questions relating to the economic development of Southern Europe had been considered by the Committees during the period under review. Such activities should be considered in the light of three main problems affecting the area in question: first, the problem of infra-structure investment; secondly, the problem of developing the energy potential, raw materials and manpower resources and thirdly, the problem of the economic relationships between developed and insufficiently developed countries.
2. Viewed against this background, outside assistance to such countries was indispensable in the interest of Europe as a whole. ECE was in an especially favourable position to contribute to the solution of such problems.
3. Referring to his country's current prospects in the energy field, the representative of Yugoslavia expressed the view that the Commission's subsidiary bodies engaged in studying energy problems were the best placed to guide their work in that direction.
4. The representative of Italy gave an account of the projects relating to the technical and economic co-operation among countries of Southern Europe which his country had initiated, or with which it is currently associated in the fields of agriculture, industry and transport as well as of technical assistance and forestry. Concerning the latter he stated that the Italian delegation attached special importance to the joint study undertaken by the Secretariats of FAO and ECE for the implementation of a programme of re-afforestation in the countries of the Mediterranean basin, and wished to see the study implemented without delay.
5. The representative of Greece expressed his delegation's appreciation of the co-operative spirit displayed by the members of the Committees during the discussion of questions of particular interest to Greece and in this connexion referred to the consideration in the Committee on Electric Power and the Committee on the Development of Trade respectively of the study of plans for the hydro-electric development of the Aliakmon and Nestos rivers and to problems of Greece's foreign trade. Citing

his country's efforts in the investment field he raised anew the still acute question of external financing which was required if further progress was to be made in the economic development of his country. He also expressed the hope that measures would be taken to prevent an accentuation of his country's problems by the creation of larger economic entities.

6. The representative of Turkey observed that in his delegation's opinion the problems raised by the report of the Group of Experts on the Economic Development of Southern Europe (E/ECE/233 and Add.1) should, in accordance with Commission Resolution 7 (XI), remain on the agenda of the appropriate committees.

7. The representative of the Federal Republic of Germany said that in the view of his delegation the study of the problems mentioned in the statements made by the representatives of the countries concerned should, in view of their ever-increasing importance, be continued.

..."

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HOU/Working Paper No 65
29 May 1957

English only.

ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

List No 3 of Working Papers in the HOU Series and
HOU Sub-series issued from 28 November 1956 up to 29 May 1957.

Document Number	Language	Short title of documents
<u>I. Plenary Series.</u>		
Symbol: HOU/ Working Paper No 48	F. R. °)	Housing Management: Note by Secretariat.
No 49	F. R. °)	Formulation of House-Building Programmes: Note by Secretariat.
No 52, Add. 2	F. R. °)	Implementation of Recommendations of Expert Housing Mission: Addition to Memorandum by Delegation of Yugoslavia.
No 55	E. only	List No 2 of Working Papers issued from 16 May up to 27 November 1956.
No 56	E. F. R.	The Committee's Sessions in 1957: Note by Secretariat.
No 57	E. F. R.	Study Trip to Austria: Note by Secretariat.
No 57, Add. 1	E. F. R.	Annex IV to Text: Foreign Correspondents of National Bank of Austria.
No 57, Corr. 1	F. only	Corrigendum to Text.
No 58	E. F. R.	Proposed Time-Table of Forthcoming Housing Meetings.
No 59	E. F. R.	Work on Financing of Housing: Note by Secretariat.
No 60	E. F. R.	European Housing Trends and Policies in 1956: Note by Secretariat.
No 60, Add. 1	E. F. R.	Chapter II: Some Aspects of Rural Housing Problem.
No 60, Add. 2	E. F. R.	Chapter III: Formulation of House-Building Programmes.
No 60, Add. 3	E. F. R.	European Housing Trends and Policies in 1956: Provisional Version).

°) English text already distributed.

Document Number	Language	Short title of documents
<u>I. Plenary Series (cohtd).</u>		
Symbol: HOU/ Working Paper No61	E. F. R.	Financing of Housing in Europe: Economic and Financial Problems of Housing: Note by Secretariat.
No61, Add.1	E. F. R.	Addendum to Text: Selected Aspects of Housing Finance in United States of America.
No61, Add.2	F. R. oo)	Further Addendum to Text: First Draft Report by International Co-operative Alliance.
No61, Add.3	E. F. R.	Further Addendum to Text: Position of Housing in over-all Financial Framework.
No61, Add.4	E. ooo)	Further Addendum to Text: Housing Subsidies: Note by Secretariat.
No61, Add.5	E. F. oooo)	Further Addendum to Text: Position of Housing in Over-all Financial Framework: Western Europe.
No61, Add.6	E. F. oooo)	Further Addendum to Text: Private Financial Institutions in Housing.
No61, Add.7	E. F. oooo)	Further Addendum to Text: Current Sources of Capital.
No61, Add.8	R. ooooo)	Further Addendum to Text: Current Sources of Capital: Eastern Europe.
No62	E. F. R.	Review of Definitions of Housing and Building Terms Prepared by Working Party on Housing and Building Statistics: Note by Secretariat.
No63	E. F. R.	Standardization and Modular Co-ordination: Note by Secretariat.
No64	E. ooo)	Matters Arising from 12th Session of Economic Commission for Europe: Note by Secretariat.

II. Working Party on Housing and Building Statistics.

Symbol: HOU/WP.3/ Working Paper No12, Appendix II	F. R. o)	Financial Statistics on Housing: Note by Secretariat: Appendix to Text.
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- o) English text already distributed.
oo) English text not yet distributed.
ooo) French and Russian texts not yet distributed.
oooo) Russian text not yet distributed.
ooooo) English and French texts not yet distributed.

Document Number	Language	Short title of documents
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II. Working Party on Housing and Building Statistics (contd).

Symbol: HOU/WP.3/ Working Paper N°14	E. F. 0000)	Concepts and Definitions: Note by Secretariat.
N°15	E. F. R.	Statistics on Value of Construction, Building Cost and Building Activity: Note by Secretariat.
N°15, Add.1	E. F. 0000)	Addendum to Text.
N°16	E. F. R.	Bulletin of Housing and Building Statistics: Note by Secretariat.

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 2 of the provisional agenda of the fifteenth session)

THE FINANCING OF HOUSING

Note by the Secretariat

At its eleventh session in October 1955 the Housing Committee took note of a resolution of the financing of housing adopted at the twentieth session of the Economic and Social Council (E/ECE/HOU/56, paragraph 10). At its subsequent session in May 1956 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 wherever possible conclusions (E/ECE/HOU/64, paragraph 10). 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).

At its fourteenth session the Housing Committee discussed a number of provisional reports prepared by the Secretariat and the rapporteurs, partly on the basis of information supplied by governments in country reports drawn up as far as possible according to a common pattern, partly from information already available from the work already carried out by the Committee, and partly from published sources. The Committee agreed on the next stages of the work and in particular that "a full provisional version of the over-all report, including draft conclusions, would then be prepared for discussion by the Housing Committee at its next session in November 1957" (E/ECE/HOU/67, paragraph 7).

Work has subsequently continued, along the lines laid down by the Housing Committee, by the rapporteurs and the Secretariat, who met in September 1957 to discuss revised drafts of the different chapters. The different chapters of the report still as provisional and restricted documents, are now being circulated as addenda to this note, in accordance with the following outline:

PART I

Chapter I:	Introduction: The Economic and Financial Problems of Housing	Add.1
Chapter II:	Investment in Housing	Add.2
Chapter III:	Sources of Capital for Housing and the Financial Institutions Concerned	Add.3
Chapter IV:	Public Financial Aid	Add.4
Chapter V:	Summary of Conclusions	Add.5
<u>PART II</u> :	Country Reports	Add.6

Although all the reports have been discussed among the rapporteurs and the Secretariat Chapter I is essentially the work of the Secretariat; Chapter II is a provisional synthesis by the Secretariat of papers prepared by Mr. Seip and Mr. Andrzejewski; Chapter III is a provisional synthesis of papers prepared by Mr. Datzkov and Mr. di Lorenzo and Mr. Salaün; Chapter IV is essentially the work of the Secretariat; Chapter V, which has not been discussed as such by the rapporteurs, is the work of the Secretariat. Part II, the country reports, is a condensed version of the country reports initially prepared by the Secretariat and individual rapporteurs and subsequently checked and revised as necessary by the countries themselves. Two further papers have been drawn upon: one, by Mr. Robert of the International Co-operative Alliance, on the financial aspects of co-operative housing, the factual parts of which have been incorporated in the country reports and the analytical aspects of which, when completed, will be incorporated into Chapter III; the other paper on selected aspects of housing finance in the United States, prepared by Mr. Burroughs, has been drawn upon throughout the whole report with a view to comparing United States experience with that of Europe.

The whole report is of course subject to revision in the light of new material being collected on certain questions, the discussion at the Housing Committee and comments and corrections sent by governments in writing, and also from the point of view of presentation and the elimination of duplication of material which still remains. It

is suggested that the Committee, in its discussion, should concentrate on the substantive aspects of each chapter, and in particular on the concluding chapter, and that comments and corrections of detail should be sent to the Secretariat in writing, if possible before the Committee meets. The provision of written comments applies particularly to Part II, the country reports, which is not likely to be available until just before the session and which it is suggested should not form the subject of discussion. It is evident that the countries will not be in a position to submit their comments on Part II until after the Committee session and it is of course important that these should be carefully checked for their factual accuracy in due course.

After the meeting of the Housing Committee and after further development and revision of the relevant chapters by the rapporteurs the Secretariat will prepare the report as a whole, for publication on its own responsibility, with of course full acknowledgement to the rapporteurs who have contributed in their individual capacity, and incorporating whatever conclusions the Housing Committee itself may feel able to adopt.

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HOUSING COMMITTEE

ECONOMIC COMMISSION FOR EUROPE

(Item 2 of the provisional agenda
for the fifteenth session)

FINANCING OF HOUSING IN EUROPE

CHAPTER I - Introductory: Economic and
Financial Problems of Housing

This chapter outlines the general economic and financial problems associated with housing and is an introduction to the general report, where the main problems associated with the financing of housing are analysed in detail.

High capital cost of a dwelling

The economic and financial problems of housing begin with the high capital cost of a dwelling. As will be shown in Chapter II, the average dwelling built to modern standards costs up to four times the average annual income of an adult male worker in Europe today. 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 productive building techniques and, in particular, from the application of industrial mass production to many of the components 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 required 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 those erected in 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
	1952	(all dwellings)	4	22	45	29
Sweden	1920 to 1928	(all towns)	39	32	14	15
	1954	(all dwellings)	21	36	26	17

Sources: - Pre-war years: Housing Policy in Europe, Studies and Reports, Series G, No.8, International Labour Office, Geneva 1930, page 53.
- Post-war years: European Housing Progress and Policies in 1955, ECE, Geneva, August 1956 (E/ECE/259) pages 9 and 10.

Note: A kitchenette has not been counted as a room but a kitchen has.

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 these conceptions 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. They were 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 been increased by the sharp rise that occurred 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 not due solely to improvements. Even in countries where the rise in the price of building materials and in building wage rates was not disproportionate to the increase in prices and wages generally,⁽²⁾ a decline in productivity increased real costs. This reduced productivity was due to delays caused by shortages in materials and labour, particularly skilled labour, the generally low efficiency of an industry re-organizing itself after a long lay-off, over-demand on the industry and very often a decline in the productivity of the many workers who were newly recruited. In the United Kingdom, it was estimated in 1947 that reduced productivity from all causes accounted for about 15 per cent of the increased cost of a post-war house.⁽¹⁾

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, actual costs have increased owing to the general rise in prices and wages from the Korean war onwards.

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- (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.

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	464*	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	182	195	180	199	102	107	122	191 ^{(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.

* Secretariat estimate.

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. 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 been reduced in the post-war period. This is due both to improving incomes and some reduction in real building costs through improved productivity. Only in Switzerland, however, do wages appear to have increased more than the building cost of a dwelling as 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	403	464*	194 (a)	308 (a)	2.06	1.51
Switzerland	195	199	191 (b)	234 (b)	1.02	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 - 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 (E/ECE/189) page 45.

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.

* Secretariat estimate.

An analysis of building costs and wages in Norway furnished by the State Housing Bank shows that, there, also, the relation between wages and building costs have been improving. The average cost of a new dwelling with a loan from the State Housing Bank increased from N. Cr. 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. Cr. 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. Cr. 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, with the aid of loans from the State Housing Bank, 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. Cr. 40.000 : 7.600) to about 3.66 (44.300 : 12.100). In this case the change in equipment and technical standards has been limited but still probably in a positive direction. The cost figures here applied refer to building costs proper, i.e. without the cost of land and of its preparation. 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 had very nearly the same relationship to the annual income of a fully employed adult male worker as the relationship found by 1956. Owing to considerable unemployment in the 1930's 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 a good deal smaller (normally two rooms and a kitchen against the present three rooms and a kitchen) and the equipment standard was lower.

It is true that while the cost of a dwelling still represents perhaps four times an adult worker's annual income, the improvement in the relationship between building cost and wages has not materially altered the problem presented by the high capital cost of a modern dwelling. The fact, however, that the relationship is improving is of great potential importance for housing policy. Between 1953 and 1956 the real income of workers increased in France by 20 per cent. ⁽¹⁾ At this rate of increase,

(1) International Labour Review, ILO, Geneva, August 1957, page 195.

which admittedly was the highest in western Europe, and on the assumption that a dwelling now costs the equivalent of four years' wages, the cost of a dwelling would within about forty years represent about six months' wages, provided the real cost of the dwelling did not increase. Such a development is probably over-optimistic but with present tendencies in real incomes and some prospect of improved productivity in house-building, the cost of a dwelling may be reduced in many European countries within the next quarter-century to, perhaps, the equivalent of two to three times the annual income of a worker. Such a reduction in the cost of a dwelling in terms of wages would significantly improve the ability of wage-earners to afford new dwellings and, in particular, to undertake owner-occupation.

Improved building technique and, in particular, further industrialization offer some prospect of reduced real costs in house-building. ⁽¹⁾ It is unlikely, however, that the real reduction in cost that would result from complete industrialization of house-building - and the desire for one-family houses on isolated sites in many countries will limit the full application of industrialized methods - will significantly affect the basic economic problem presented by the high cost of a dwelling in terms of average incomes. In this connexion, a recent analysis ⁽²⁾ points out that the economies of mass-production have long been open to the individual builder - particularly in the United States - for such components as doors, windows, kitchen and bathroom equipment, heating and lighting equipment and that, above all, only the shell of the house remains to be prefabricated on an economic basis. The analysis goes on to state, however, that "... a fabulous 50 per cent reduction in the cost of the foundations, walls, floor and roof would represent only a 10 or 15 per cent reduction in the total cost". A reduction of this order from improved building methods would be important in the over-all volume of investment in housing but would not significantly alter the problem presented by the inability of the person of average means to purchase a dwelling out of current income.

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- (1) A preliminary study of measures to reduce building costs and of the development of the building industry is to be found in the Cost of House Construction, ECE, Geneva, May 1953 (E/ECE/165). At present, work is in progress on a study of government policies and the cost of house-building, primarily with the object of defining the possibilities of industrialization in house-building and of making practical recommendations on the subject, having regard to the experience gained and the difficulties encountered in different countries in recent years.
 - (2) Lewis Mumford: "A New Approach to Workers' Housing", International Labour Review, ILO, Geneva, February 1957.

Need for long-term credit

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 in a position to, and prepared to, provide the necessary credit. In the nineteenth century the private individual appears to have provided the bulk of the long-term credit required for housing, usually in the form of rented dwellings. Today in some countries as, for example, in eastern Europe the private individual has virtually disappeared as a provider of rented dwellings. In most countries he plays now only a minor role. In a few countries, however, his role is still considerable. For example, in Switzerland in 1955, 73 per cent of dwellings provided in communes with a population of over 2,000 were provided by private individuals for renting; in Western Germany, in 1956, 60 per cent of all dwellings were similarly provided. Even in these countries, however, the position of the private individual as a source of long-term credit has changed. In the nineteenth century, private capital was the predominant source of the capital invested in housing by private individuals. In 1955 in Switzerland, only 30 per cent of the total investment came from personal sources and in Western Germany only 22 per cent. The decline in personal liquid fortunes due to inflation and taxation and the higher real cost of the high-quality modern dwellings may be regarded as the main reasons for this change. A combination of circumstances has led to the predominance in Switzerland and Western Germany of the private individual as a source of personal capital lent at long-term of from 22 to 30 per cent of cost to other members of the community - as distinct from the owner-occupier. In both countries rent control on new dwellings has been liberal. In Switzerland, a gross return of 6.8 per cent has been permitted on gross construction costs; in Western Germany rents on social housing allow a return of 4 per cent while rents on other new dwellings are uncontrolled subject to the right of tenants to appeal against rents which do not bear a reasonable relation to costs. The return on personal capital was also increased in Western Germany by income tax exemption on such capital. The capital market in Switzerland was able to supply nearly 70 per cent of investment in housing in 1955 and in Western Germany about 50 per cent. The predominant form of building in both countries is multi-family dwellings; in both countries in 1955 only 14 per cent of dwellings were single-family dwellings as compared with 60 per cent or more in Belgium, Ireland, the Netherlands and the United Kingdom⁽¹⁾. Apart

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

from in the Scandinavian countries, owner-occupation is mainly associated with one-family dwellings. For example, in the United States, where 90 per cent of new non-farm dwellings were owner-occupied, the proportion of multi-family dwellings was only 10 per cent in 1955.⁽¹⁾ In Switzerland and Western Germany also a policy of having little public rented accommodation has been followed. This is a continuance of the pre-war position in both countries. The combination of a liberal return on investment in rented accommodation, the availability of substantial funds from the capital market, the predominance of multi-family dwellings, a lesser desire, perhaps, for owner occupation, and the long tradition of having virtually no publicly owned rented accommodation have all contributed to the present predominance, in the housing market in Switzerland and Western Germany, of the private provider of rented dwellings.

In some countries, industrial firms have provided long-term credit for housing for their workers. In eastern European countries the funds of nationalized industries have been an important source of long-term credit for housing. A number of nationalized and private firms in western Europe have also provided long-term credit for housing their workers. 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 sparse, 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.

(1) "Housing in the United States", Housing and Home Finance Agency, Washington, June 1956, page 32.

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. The extent to which this capital will be forthcoming depends in the first instance on the number of dwellings required. The output of dwellings in Europe in 1956 varied from 1.6 per thousand inhabitants in Hungary to 11.0 in Western Germany⁽¹⁾. It appears that only in a few countries was the output in 1956 more or less satisfactory in relation to requirements⁽²⁾. The rate of output itself is affected by the extent to which the necessary capital is expected to be available, which in turn depends on the general demand for capital and decisions as to the allocation of such capital.

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. A full analysis of the various sources is contained in chapter III. The problems of finding the capital for housing in these countries lie more in the allocation of investment capital between the competing demands than in the actual provision of investment capital, since public authorities or enterprises are responsible for finding the necessary resources. Generally, investment is financed out of current revenues with little or no recourse to the type of inflationary credit expansion sometimes used in western European countries to supplement current savings for capital investment. The level of consumer demand can also be controlled in eastern European countries to an extent not possible in the west. The greater concentration at source of investment capital means that in eastern European countries housing has to compete with other investment demands more closely than it does in western European countries, where investment capital comes from more varied sources and where responsibility for investment is more dispersed. The introduction in Yugoslavia of separate and revolving housing funds financed out of a special levy on wages may be seen as an attempt to ensure stable and more adequate provision for housing than is possible when housing is in direct competition with more directly productive investment.

(1) European Housing Trends and Policies in 1956, ECE, Geneva, (E/ECE/292) page 2.

(2) Ibid, page 5.

Among western European countries, Switzerland is the only country where the capital market, including private credit institutions, supplies virtually the entire loan capital for housing without intervention by public authorities. It is also a country which does not ensure to any significant extent the provision of new housing within the means of its lower-income families. The provision of low-cost housing, however, is not incompatible with the provision by the capital market of the entire loan capital, provided there is an adequate system of public aid to reduce the economic rents to reasonable levels wherever appropriate. In all other western European countries public authorities intervene either as intermediary agencies or as primary providers of capital for housing. This intervention occurs because funds in the market are either inadequate having regard to investment demand or are in a form which does not allow sufficiently long-term credit to housing. The inadequacy of available investment funds arises 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 appears to have been as much as 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 more liquid forms, thus reducing the availability of capital for long-term lending. This is particularly the case in countries like Austria and Greece, where open inflation occurred during and after the war.

Particulars of the extent to which individual western European countries supply capital funds for housing out of public funds are to be found in Chapter III. These public 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 of housing. Some countries, notably Austria and Italy,

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

have provided housing capital out of special tax levies. Where public funds for housing are not financed out of revenue, state borrowings - frequently from central or commercial banks - have provided the capital necessary to maintain housing. This inflationary capital financing gives rise to further problems and in the long run affords a further disincentive to personal savings.

Annual costs of a dwelling

With the provision of the capital, the problem of the relation between the annual costs of a dwelling and average incomes arises. It has already been noted that in Switzerland, where no real problem arises in finding the capital for housing, the majority of new dwellings have been beyond the means of lower-income families. This is due to the fact that given the high capital cost of a dwelling in relation to the level of incomes, probably a majority of families in most countries cannot afford the annual economic cost of a dwelling. In Switzerland, the rate of interest on first mortgage loans was 3.5 per cent in 1955, the lowest in Europe; in countries where the interest rate is higher the ability of lower- and medium-income families to afford a new dwelling is further reduced. Table 4 shows the interest rate pattern in western European countries in 1955.

Table 4
The Interest-rate Pattern in Western
Europe Towards the End of 1955
(in percentages)

Country	Discount Rate	Long-term government bonds	First-mortgage loans
Austria	5.0	-	8.0 to 9.5
Belgium	3.0	4.0 to 5.0	5.5 to 6.5
Denmark	5.5	6.0 to 7.0	6.5 to 7.0
Finland	5.0 to 8.0	-	7.5 to 8.25
France	3.0	5.0	8.0 to 10.0
Ireland	3.0	4.75	6.0
Italy	4.0	6.5	10.0
Netherlands	2.5	3.5	4.0 to 5.0
Norway	3.5	4.25	4.0 to 5.0
Sweden	3.75	4.25 to 4.5	4.25 to 4.75
Switzerland	1.5	3.25	3.5
United Kingdom	4.5	4.5	5.0 to 5.5
United States	2.5	3.0	4.5 to 6.0
Western Germany	3.5	5.0	6.5 to 8.0

Source: Twenty-sixth Annual Report, Bank for International Settlements, Basle, June 1956, page 68

In the majority of countries the rate on private first-mortgage loans was as much as 5 to 6 per cent, and in a number of countries still higher at from 8 to 10 per cent. The repayment period for first-mortgage loans varies from ten to thirty-five years in typical cases and this also has an important effect on the relation between annual costs and incomes.

The situation in the United Kingdom may be used to illustrate the actual relation between the annual economic costs of a dwelling and incomes, and the effect produced by changes in rates of interest and repayment periods. In recent years a typical local-authority dwelling in the United Kingdom appears to have cost in the region of £1,700. The current interest rate on private first-mortgage loans is 6 per cent and the repayment period does not normally exceed thirty-five years. The annual capital cost of the dwelling in these circumstances is, on the annuity system, £117. On the assumption that 20 per cent of income represents the maximum that can reasonably be paid in rent, this annual cost would be within the means only of an annual income of about £585. In 1956, out of 26 million personal incomes (counting husband and wife as one person) 14.9 million incomes did not exceed, after tax, £500 per annum⁽¹⁾. Thus at least 57 per cent of incomes were insufficient to meet the annual capital cost of a dwelling. If to this annual cost were added other outgoings, such as maintenance and insurance, and if quality were to be in line with modern standards, it would require an annual income of up to £750 to afford such a dwelling. In 1956, only about 15 per cent of personal incomes after tax were more than £750. If the rate of interest were 8 per cent the annual cost of the capital would be £146 which in itself would put the minimum local-authority dwelling beyond the means of all but 15 per cent of the population. If the repayment period were fifteen years instead of thirty-five, the annual cost of the capital at 6 per cent would be £175 which would require an income of £875 or more, which probably would be within reach of less than 10 per cent of all incomes. If the interest rate on the fifteen-year loan were 8 per cent, an annual income of about £1,000 or more would be required; less than 5 per cent of incomes were in that category.

The foregoing analysis can give only a very rough outline of the situation. It has been assumed that the full cost of the dwelling has to be borrowed; in practice perhaps 75 per cent only can be borrowed. However the lower-income groups would

(1) National Income and Expenditure 1957, HMSO, London, 1957.

include many who would not normally require a separate dwelling. Nevertheless, it would seem that at present market rates of interest and with current repayment periods somewhat more than half the population in the United Kingdom cannot afford a new dwelling of a reasonably minimum size and quality. The United Kingdom is among the industrially advanced countries in Europe with a net national product per head of population which ranked fifth in western Europe in the period 1952 to 1954⁽¹⁾. It is also probably the country where a new modern dwelling costs least in terms of a worker's wages. It has progressed further than most European countries in the redistribution of income in favour of lower-income families. The situation, therefore, is likely to be more favourable than in less advanced and poorer countries where income disparities are greater. In addition, the interest rate in many countries is higher than in the United Kingdom and the repayment periods shorter.

The fact that even in a relatively rich country where the terms of first-mortgage loans are not unduly onerous few workers can afford the annual economic cost of a dwelling is another reason for public intervention in the financing of housing. Table 4 shows the yield on long-term government bonds in western European countries. In most cases they are from 1 to 1.5 per cent below the market rate on first mortgages. By using public credit to raise capital for housing, the interest rate and hence the annual costs of a dwelling can be significantly reduced. In addition, by successive short or medium-term borrowing, public authorities can extend amortization periods considerably longer than those obtainable in the ordinary market.

Even with favourable interest rates and long amortization periods it is usually not possible to bring the annual costs of a dwelling within the means of the bulk of the population. For example, in the United Kingdom the annual economic capital costs of a local-authority dwelling costing £1,700 financed out of public funds is in the region of £100; this would require an income of at least £500, which is about the upper level of an adult worker's annual wages. This assumes allocating for rent one-fifth of income, which is generally regarded as the maximum possible. In practice, such a proportion of income devoted to rent would be considered in most countries as excessive. The proportion of income to be devoted to rent is also 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.

(1) Per Capita National Product of Fifty Five Countries 1952-1954, United Nations, New York, 1957.

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 ^(c)	-
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 also has 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. Details can be found in Part II⁽¹⁾ of the policies followed as regards rent control in individual countries and the effect these policies have had on the level of rents in new dwellings. Table 6 further illustrates the effects of these 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	1.55	1.56	1.49
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.

(1) See HOU/Working Paper No. 66/Add.6.

Rent control and inflation had the same effect on rents in eastern Europe as in western Europe. In Czechoslovakia, rent before the war represented 8.4 per cent of family expenditure; by 1947 the proportion was reduced to 3.3 per cent⁽¹⁾. In Yugoslavia, the corresponding decline was from 26 per cent to 9 per cent in 1949⁽²⁾. In the USSR, in 1933 rent for dwelling-space represented 10.4 per cent of the income of a wage-earner⁽³⁾; 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 have been raised to 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 principles and methods of such public financial aid form the subject of Chapter IV.

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- (1) Economic Bulletin for Europe, Vol. 4, No. 1, ECE, Geneva, April 1952, page 27.
 - (2) European Rent Policies, ECE, Geneva, August 1953 (E/ECE/170), page 51.
 - (3) International Labour Review, ILO, Geneva, Vol. XXVIII, No. 5, November 1933, page 654.

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, ILO, Geneva, August 1957, Vol. LXXVI, No. 2, page 195.

In addition, earnings in many countries have been increased by policies 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 this trend. The improvement in real wages has also been regarded in many countries as a justification for relaxing rent control, and this in turn has affected the level of public aid made available to reduce the annual economic costs of new dwellings. This 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. While for the bulk of the population in a country this may be prohibitive, there would appear to be in all countries a varying proportion of the population whose means it does not exceed. 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. The position is, perhaps, better illustrated by the fact that in, for example, Belgium and Norway, where public financial aid is available for all without income limitations, about one-quarter of total housing output is for persons who do not apply for public financial aid either because of the cost and size limits on dwellings eligible for such aid or owing to the delay involved in obtaining it. The ability of a sector of the population in all countries to erect a dwelling without public financial aid raises the problem 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 to acquire a dwelling of those whose housing need is greater is reduced. This is another reason why public intervention is required, to ensure that fair social priorities are observed; the extent to which those in a position to afford housing unaided share in total housing output will vary with the social and political climate in each country. Generally, most countries would appear to favour freedom for better-off families to build without public financial aid in proportion to their quantitative importance in the community. To ensure that social considerations prevail in the allocation of the bulk of housing available, it is often necessary - particularly if rented accommodation is desired - to establish public or semi-public bodies charged with the provision of accommodation in accordance with social need. Where such bodies are not feasible, it would seem that conditions should be attached to the granting of public aid of a kind that give social considerations due weight.

Balance in the economy

A high standard of housing is an essential part of an improved standard of living; a rising standard of living, however, is 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. In view of these differences, policy in regard to investment in housing cannot be decided simply on the basis of social need which is 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 can be achieved only by an increased 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 will, in practice, be influenced by social and political as well as by the economic and financial considerations.

In Chapter II the allocation of investment in eastern European countries between social and productive outlets is analysed. The preponderance of investment in industry as compared with housing is clearly brought out. In general, from half to two-thirds of gross fixed investment in these countries is in industry; investment in housing is typically in the region of 10 per cent. 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 is usually from 20 to 25 per cent while investment in other sectors shows greater variation, depending on the existing structure and

(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, ILO, Geneva, Vol. LXXV, No. 1, January 1957.

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 gross national product 1950 to 1954	Distribution of gross fixed investment in 1950 to 1954 as percentage of total						
			Agriculture	Mining, manufacturing and construction industries	Trade and other services	Transport and communications	Electricity, gas- and water-works	Public administration	Dwellings
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	6	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(d)	23(d)
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 1955, ECE, Geneva 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

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 accounts partly for the high proportion of investment devoted to transport and communications. These basic structural differences make valid comparisons between countries difficult but a comparison between Greece and Italy may serve to illustrate the basic economic problem involved. The net national product per capita in these two countries was the lowest during 1950 to 1954 among the countries included in Table 8, and in addition Greece had a relatively low investment rate. Yet of the countries represented in the table, it devoted the lowest proportion of its investment to increasing productivity in agriculture and industry (25 per cent) and its housing investment was the highest proportionately (32 per cent). 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. These figures being converted at exchange rates may not always reflect the real purchasing power of the local currency, but they gave a general picture of the differences in economic development and the ability to afford a higher standard of living, including an adequate housing programme.

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 2 of the provisional agenda
of the fifteenth session)

FINANCING OF HOUSING IN EUROPE

CHAPTER III: Sources of Capital for Housing
and the Financial Institutions Concerned

The purpose of this chapter is to show 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 to 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.

WESTERN EUROPE

Table 1 shows for selected western European countries the total amount of funds invested in housing in 1955 (except where otherwise stated) and the percentage thereof in the form of public investment.

Table I
Amount Invested in Housing in Selected European Countries
in 1955 and Percentage of Public Investment

Country	Total amount invested in housing (millions in local currency)	Percentage of public investment
Austria	4,400	(a)
Belgium	15,000 to 16,000	43
Denmark	750	45 (b)
Federal Republic of Germany	10,000	27
Finland	50,000 to 60,000	20
Greece	57,192	5
Ireland	14	75
Italy	715,000	13
Netherlands	940	58 (c)
Norway (d)	-	58 (c)
Portugal	1,600	2.6
Spain	13,000	55
Sweden (e)	2,900	36 (c)
Switzerland	1,560	1.7 (f)
Turkey	664	2.24
United Kingdom	642	30 to 40

Source: Country reports.

- (a) No data available. In recent years the volume of private building has been between 55 and 60 per cent of total housebuilding. It must not be concluded, however, that new building financed exclusively out of private resources accounted for the same proportion numerically.
- (b) State investment.
- (c) Estimated.
- (d) 1954.
- (e) Including repairs and alterations.
- (f) Incomplete data.

[Analysis of Table 1 to be added, to show why there are differences]

Sources of public funds

Public funds, both state and local, which find their way into housing come from four different sources:

- general revenue,
- special taxes,
- public loans, and
- deposits in public or semi-public or savings institutes.

In Austria the only contribution from general revenue would appear to be part of the resources of the Fund for Housing Reconstruction, but the amount of this contribution is not known. In Belgium public funds derived from general revenue account for 8.6 per cent of total investment in housing. In Denmark state expenditure on housing, probably from general revenue, amounted to kr.335 million; in addition, a further kr.100 million expended on housing appear to have been raised from municipal taxes. In Western Germany 27 per cent of the expenditure on housing was raised from public funds, partly state, partly Länder and partly municipal budgets. In Greece public funds are derived from the state budget and from deductions from workers' wages, tantamount to a special tax, the total yield of which is, however, not known. In Ireland capital grants to private housing are derived from general revenue. In Italy public funds are derived from the state budget, Post Office savings accounts and special taxes for house-building, but the respective amounts from these three sources are not known. In the Netherlands 58 per cent of total investment in housing is derived from municipalities and associations and from the state, 47 per cent of total investment funds being derived from municipalities and associations and 11 per cent from the state. In Norway, of the 57.75 per cent of total investment derived from public funds, state capital subsidies amount to 8.5 per cent and municipal capital subsidies to 4.25 per cent; all capital subsidies are derived from state or municipal budgets. In Portugal and Spain no public funds are derived from general revenue. In Sweden 36 per cent of total funds invested in housing are provided from general state revenue. In Switzerland the central government does not provide financial assistance in any form; a limited number of loans and capital grants are made by cantons, in some cases apparently from cantonal revenue. In Turkey no housing is financed from general revenue. In the United Kingdom, local-authority housing, accounting for up to 50 per cent of total house construction, is financed from state general revenue or by local authorities, borrowing on the open market, but the relative importance of these two sources is not known.

In Austria wage-earners and employers contribute either to the Federal Fund for House Construction and Property Ownership or to the Fund for Housing Reconstruction; in the former case the wage earners' contribution is 0.5 per cent of the amount of the general contribution for health insurance, at present a sum ranging between schillings 2,400 and 3,600 or schillings 12 to 18 per month. Employers contribute an equal amount for each person employed. The resources of the Fund for Housing Reconstruction are derived partly from a 10 per cent surcharge on the wages tax. As already noted, a special housing tax on workers' wages is employed in Greece but the amount appears to vary greatly from year to year. In 1957 it was dr. 71.5 million, i.e. more than 43 per cent of total public investment in housing. A special tax for house-building has been employed in Italy since 1949 but its relative importance in relation to other sources of public funds is not known. The tax is at the rate of 1.2 per cent of the total wages bill. The state, provinces, communes and public assistance and welfare institutions are exempt. Workers pay 0.6 per cent of their wages. The total yield from the tax covers about 30 per cent of public investment in housing, and the state in turn makes a contribution equivalent to the receipts from the tax.

In Denmark kr.200 million out of the total investment of 750 million are from public loans. In Ireland public funds are derived from public loans. In the Netherlands public bonds are issued at 3 to 4 per cent with a life of thirty to forty years, but the relative importance of this source of public funds is not known. In Norway 45 per cent of total investment and the greater part of public investment is in the form of state loans. In Spain three-quarters of the general state housing budget is from the proceeds of state-guaranteed 4 per cent bonds redeemable in forty years. In the United Kingdom a substantial part of the funds channelled through local authorities are from state loans on a sixty-year basis.

In the Netherlands, municipalities make use of funds borrowed from insurance companies, pension funds and savings banks, but again the amount is not known. In Portugal public funds devoted mainly to the construction of workers' and fishermen's dwellings are partly derived from the General Deposit Credit and the Insurance Fund. In Turkey the limited public funds available to house construction are derived partly from shares owned by the state in the Real Estate Credit Bank and partly from social insurance funds.

In the light of the factual picture presented in the foregoing paragraphs an attempt is now made to compare the relative importance of the four main sources of public funds from one country to another. Most countries draw on the state budget provided from the general revenue, the main exceptions being Switzerland and Turkey. The activities of local authorities vary widely from country to country and are more important in the countries of northern and north-western Europe. General local taxes are also an important source of funds for housing in Vienna. The 1957 budget in this city made provision for loans amounting to schillings 480 million, of which 52.5 million were to be contributed by the Building Fund and the balance from the municipal budget. The Länder and other Austrian municipalities also contribute to the financing of housing by granting loans out of their budgets.

Special taxes are of importance in only a limited number of countries, namely, Austria, Greece and Italy. In these three countries the system employed has one main feature in common, that the tax is based on wages.

The floating of public loans is an important source of housing finance in the Federal Republic of Germany, Ireland, the Netherlands, Norway and Spain. In addition loans floated by municipalities are important in some countries, particularly the Federal Republic of Germany and the Netherlands.

Financing through deposits in public or semi-public banking or savings institutions is of importance in several countries; in particular, Finland and Italy draw part of the funds required for house-building from Post Office savings banks. In the case of Italy this source provides some 40 per cent of total public investment in housing. In Belgium 34.4 per cent of total investment in housing is derived from investments made by the General Savings and Pension Bank, which operates through a network of local savings banks and local insurance bodies; all of these funds are on public account.

Public financing institutions

Some countries in western Europe have set up special agencies for the purposes of financing housing. In Finland in 1949 a special Housing Board, Arava, was set up for the granting of loans. These rank as second priority, the first priority loans being granted mainly by the savings banks and insurance companies. For the building of detached houses and owner-occupied blocks of flats an Arava loan is limited to 40 per cent of approved cost, including site. For the erection of houses to be let in flats the loan may be 60 per cent of cost. The total amount loaned from all sources may amount to as much as 90 per cent of cost but this is

not normal in practice. During recent years the average rate of Arava loans has fluctuated between 36 and 38 per cent of cost. The rate of interest on Arava loans may be as low as 1 per cent or as high as the current market rate. For stone buildings, the duration is forty-five years and for wooden buildings thirty-three. The proportion of builders' own capital for detached houses or owner-occupied flats is generally more than 20 per cent of cost. This is sometimes put in partly as builders' own work and partly by borrowing from private individuals or banks. From 1949 to 1956, 68,200 state-aided dwellings have been provided, 44,400 in the form of blocks of flats and 23,800 in the form of detached houses. Of the capital required for these houses, 41 per cent has been in the form of primary mortgages, 37 per cent Arava loans and 22 per cent builders' own funds.

In Norway, the National Housing Bank was established in 1946 and is subject to effective control by Parliament. Close financial and administrative co-operation is required with 750 municipal authorities, through housing committees elected by municipal councils. An application for a loan is received by the municipal housing committee, who takes into account information on the size of family, income, technical details, estimated cost, running expenses and intended methods of financing. The municipal council, in considering a report by a housing committee, takes into account probable rateable value, rent and building cost. Then it is in a position to decide whether to guarantee part of the loan and whether to grant a subsidy. Thereafter the case is put to the Housing Bank. Normally the Housing Bank does not itself grant the loan but acts as a guarantor. The loan is raised in the local savings bank or a commercial bank. If the loan is granted the municipality must undertake to pay one-third of any loss that may accrue, and capital is only given if the municipality undertakes to pay one-third of it. Housing finance is also provided under very similar arrangements, through the same network of municipal committees, by the Smallholders' Bank, established in 1903 but re-organized in 1915 and again in 1947. This Bank is operated mainly in rural districts. Nearly three-quarters of current new housing projects are financed by loans and grants made by these two state loan organizations. Money lent by these two state housing banks is in the form of interest-bearing loans. The money is raised by the two institutions themselves, either in the ordinary market or from the state, but since 1951 the bulk has been raised from the state. Two-thirds of the

capital involved is covered by the state budget and one-third by the budget of the municipalities concerned.

In Spain the funds obtained for housing from public investment are administered by the National Institute for Housing and the Credit Institute for National Reconstruction. The annual funds at the disposal of the former amount to pesetas 700,000 million, of which 25 per cent represent the organization's own funds, obtained from the government, who raise money by the issue of bonds redeemable over forty years and bearing interest at 4 or 4.5 per cent; and the remaining 75 per cent from public loans raised by the National Institute itself but with the capital and interest both guaranteed by the state. These loans are in the form of forty-year bonds with interest at 4 per cent free of taxation. The Credit Institute for National Reconstruction also issues its own bonds under arrangements somewhat similar to those employed by the National Institute. It guarantees loans for house-building at interest rates varying from 3 to 4.5 per cent.

In the United Kingdom and also in Ireland, local authorities provide loans to individuals erecting houses for their own occupation. These loans are usually on a better term than can be obtained from the market. The reason for this practice is the encouragement of owner-occupation among those unable to afford commercial mortgage terms. In the United Kingdom the funds for these loans are raised partly on the market and partly by borrowing from the state. In Ireland the funds are obtained entirely from the state.

Sources of private funds

In more than half the countries of western Europe the principal source of capital for investment is from private funds, comprising the following countries in order of magnitude of the relative importance of private sources: Switzerland, Turkey, Portugal, Greece, Italy, Finland, the Federal Republic of Germany, the United Kingdom, Sweden and Belgium. The countries in the category where public financing predominates, again broadly in order of importance, are Ireland, Spain, Denmark, Norway and the Netherlands. It is not easy to draw a clear distinction between public and private financing. Furthermore, in some countries there are bodies of a mixed character which are substantially identical in nature, regarded in some as public, in others as semi-public and in still others as private organizations. Sometimes whether or not a body is regarded as public or private is an accident of legislation.

There are two main sources of private funds:

- private savings, and
- advances from financial institutions, particularly banks of various kinds and financial institutions.

An indication of the quantitative significance of these two main sources in different countries is set out in the following paragraphs.

Private saving channelled into house construction, either by private individuals or builders, is significant in Belgium, where 48 per cent of total housing finance comes from private builders or buyers of dwellings and 9 per cent from private companies. In Denmark an appreciable part of the kr.113 million (out of a total of 750 million) invested in house construction comes from private individuals. In Western Germany, 33 per cent of private capital is derived from individuals, including builders and industrial employers. In Finland, 8 per cent of total investment is in the form of owner-occupier contributions and a significant but unknown additional part is derived from other private sources (apart from finance houses). In Ireland, the contribution from private individuals is probably between 5 and 10 per cent of total investment in housing. In Italy, 60 of the 87 per cent of total investment is accounted for by private funds obtained from owner-occupiers and funds invested by building undertakings. In the Netherlands, some 17 per cent of total investment is from private individuals. In Spain, private investment amounts to nearly pesetas 2,500 million per annum. In Sweden, of the 64 per cent of total investment accounted for by private funds some 15 per cent is in the form of contributions from private owners. In Switzerland, 30 per cent of total investment is in the form of contributions from private owners. In the United Kingdom, the proportion accounted for by private owners is appreciable.

Bank advances are significant in Denmark, where the bulk of private funds takes the form of long-term bonds issued by the land banks. In Western Germany, 67 per cent of private capital invested in house-building is accounted for by mortgage loans, mainly from savings banks, loan banks, life insurance companies and social insurance institutions granting first mortgage long-term loans and real-estate savings banks granting medium-term loans secured by second and third mortgages. For Finland data is not available to enable a quantitative distinction to be made between loans from finance institutions and from owner-occupiers; 15 per cent of

total investment is in the form of first-mortgage loans granted by finance institutions for the construction of dwellings qualifying for state loans; 8 per cent in the form of owner-occupier contributions; and the balance, the source of which is not known, represents building carried out by funds borrowed without the assistance of public authorities. In Greece 60 per cent of private funds are accounted for by mortgage loans granted by banks, building societies and insurance companies. In Italy 40 per cent of private investment is provided through the money market by land banks, finance institutions and insurance companies. In the Netherlands 25 per cent of total investment in housing is provided by loans from finance institutions, banks, insurance companies, building societies and other bodies making mortgage loans. In Spain pesetas 1,000 million per annum are provided by private banks. Banks lend capital on a mortgage for a period of three to six years to the extent of pesetas 140,000 million per annum; pesetas 1,000 million per annum are obtained from savings banks. In the latter case the loans are redeemable in ten to thirty years and secured by a first mortgage. In Sweden 85 per cent of privately invested funds are supplied through the money market. In Switzerland 70 per cent of the private investment in house-building is in the form of loans from real-estate credit banks, cantonal and private banks and insurance companies. In Turkey private investment is mainly in the form of loans by the Real Estate Credit Bank in urban areas and the Agricultural Bank in rural districts. In the United Kingdom no information is available as to the respective amounts provided by finance houses, particularly building societies and insurance companies, and by private individuals.

Private financing institutions

Using the same basic distinction between private savings and advances from financial institutions, a discussion now follows of the various methods in force of drawing private financing into house construction and, where relevant, of the private financial institutions in operation in western Europe.

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

permits 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 nor speculative gain, but the acquisition of a house.

The relative importance of this method of financing varies with the countries 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 the peasant classes are commonly encouraged to become the owners of their dwellings. Moreover, this financial contribution is frequently supplemented by a contribution in kind, particularly a contribution in labour, and it is difficult in practice to determine the relative proportions of the two kinds of contribution. So far as urban housing is concerned, on the other hand, the extent of owner-occupancy - and hence the volume of the contribution made by the future owners to investment in housing - varies greatly from country to country.

The 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, as, for instance, if the state of the real-estate market were to encourage the hope that, if he had to sell his house, he would be able not only to repay the loans he had contracted, but also to recover his own contribution and even make a profit. A serious housing shortage, however, also encourages persons who are looking for a house - or who wish to move to a better house - sometimes 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 (tax relief, facilities for additional loans, etc.). This encouragement

varies in scale according to country, although certain states do not extend to ownership the grants given for building and even seem to discourage it (the Netherlands and, until quite recently, the United Kingdom).

The contribution required of a person joining a tenants' co-operative, 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 their own home. Looked at 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 of his own capital by an owner in a building for letting has long been one of the main sources of private financing of housing. This source had dwindled in Europe after the first world war and during the second world war it practically 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 those countries whose economies have retained certain liberal features, and in which progressive increases in - or complete decontrol of - rents have been authorized.

This form of financing exists for buildings constructed without assistance from the public authorities, but it is also frequently found in the case of private house-building for letting which receives such assistance in one form or another (subsidies, rebates on interest rates, low-interest loans, etc.). In either case, however, it very rarely covers the total cost, and the balance required is almost always provided by private or public loans. It has unfortunately been impossible to determine the volume of this capital in the different countries, but it has certainly once again become a by no means negligible proportion of the private capital invested in housing to-day in western Europe - a proportion which is probably quite considerable in certain countries, such as 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 part of the funds contributed by owner-occupiers, since some of the latter will want to let their dwellings, on short or long leases.

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, at any rate in countries where a system of private capitalism exists, since, with the trend towards the splitting-up of private fortunes, urban housing in Europe is tending more and more to take the form of blocks of flats, which require more capital than in former days. The purchase of real-estate stock, particularly if it is quoted on the stock exchanges, gives opportunities for dividing up and mobilising capital that would not normally be provided by direct investment by an individual 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, loans etc. 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 by nationalized undertakings and by private enterprise. The scope of this source of financing is thus increasingly wide, although its extent varies from country to country. Taking a broader view, however, it must be noted that the excessive development of such a method of financing housing may have the drawback of laying a by no means negligible additional charge on production, and also that care must be

taken to avoid setting up in that way any connexion between the workers' 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 all existing studies this source of financing, because of the impossibility in practice of making any distinction, is generally confused with the direct capital investments of owners in their own buildings. Hence the countries where they are the most widespread are the same. These loans are of very different kinds, with widely varying rates of interest, which are often low when a friend or a member of the family has to be helped, but which may be exorbitantly high when it is a matter of getting additional finance that 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 sort of market tending to standardize borrowing procedure and rates of interest and facilitating 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 even no interest 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, while it not only concludes the contracts but also collects interest payments 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 because of a legal obligation to do so.

Disregarding short- and medium-term advances granted to facilitate the purchase of land or given merely for the building period, private housing loans 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 the 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. Private loans, moreover, 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, although 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 represent a method of financing found in many countries, in some of which it plays a very important role, and calls for special attention. Loans granted by savings banks - either directly or indirectly - make use of capital which is payable on demand or at short-term, i.e. their deposits, for long-term investments usually repayable 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 the risk of embarrassment to the lending establishment as a result of savings withdrawals. Similarly, the ratio of building loans granted by the 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 the savings banks do enjoy the benefit of special legislation which, either by saving clauses, a state guarantee or some other method, enables them to curb excessive withdrawals of deposits. Nevertheless, the long experience of most European countries, which have passed through serious crises, goes to show that a large proportion - in fact probably more than half - of the savings banks' deposits can be invested in long-term building loans without giving rise to any particular difficulty. This form of financing has the obvious advantage of using capital whose rate of interest - that of the deposits - is practically the same as the short-term rate and is 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)

(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.

Generally speaking, they favour certain private contractors, such as the low-rent building companies, and often receive benefits granted by the public authorities, depending on the particular method followed in each country.

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, incidentally, 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 withdrawals.

This type of organization has been in existence in the United Kingdom for a hundred years and is now widespread. To-day building societies accept deposits from persons who have no intention of building and, in fact, they are private savings banks specializing in housing loans. The prominence they have achieved among United Kingdom financial institutions is largely due to the fact that in that country there were hardly any other forms of savings bank. The building society has long been - and still is - one of the main instruments for the financing of housing in the United Kingdom. There are building societies in other countries of Europe, although not of such scope, and with specific differences in their rules for financing. They are mainly to be found in the Federal Republic of Germany.

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 disincentive to investment in real estate in almost all European countries naturally resulted in a reduction in such investments, which, in all those countries that had experienced severe inflation, 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, there is not available sufficiently detailed material to enable an assessment in every case of the relative importance of such capital in different countries. This type of investment, however, seems to play an important

role in a fairly large number of western European countries (Federal Republic of Germany, Sweden and, to a certain 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 (real-estate credit or mortgage societies, land banks, credit associations, etc.).⁽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 come from other sources, however, such as public funds and deposits.

In most countries, there are few long-term building loans granted by ordinary banks. On the other hand, these often play an important part in certain countries - e.g. 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 in advancing funds during the building period. These credits and advances often take the form of current account.

(1) A brief analysis of their methods of operation in various countries has already been given in chapter V of Methods and Techniques of Financing Housing in Europe, published in 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 the banks have been nationalized.

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 they are invested 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, purchase of long-term bonds or debentures issued by finance establishments against housing loans granted by them. The development of this category of investments 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 also 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 with the 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 experience has shown to be successful, are regarded with suspicion elsewhere, and are strictly controlled or sometimes even prohibited.

In this field, a more thoroughgoing analysis of the modes of savings formation, and a closer and more frequent exchange of experience between the responsible authorities of the various European countries, would probably enable certain countries to improve their financing systems, either by closer adjustment to the prevailing conditions or by a simplification of systems which in the course of time have become cumbersome.

EASTERN EUROPE

[In the final version of this part of the chapter it is hoped to show a breakdown of the figures of public investment, and in particular the respective parts derived from central and local revenue, from industrial enterprises and from other sources. It is also hoped to show in more detail the reasons for the relative development of private housing and the methods employed to this end, apart from the growth of national revenue and of direct state financial aid. Furthermore, it is also hoped to show data on the growth of working-class income, distinguishing between urban and rural population. Finally, it is hoped to consolidate the statistics shown by countries into a comprehensive table or tables.]

In eastern European countries, funds for investment in housing are provided both from public (mainly state) funds and from the personal savings of workers themselves. At the same time, state credits are provided in almost all countries to assist in financing a considerable proportion of the housing built at the workers' own expense.

The main sources of finance for housing carried out by the public sector are:

- (a) state investment,
- (b) investment by state enterprises; and
- (c) investment by co-operative and public organizations.

The greater part of public investment in housing is determined, and carried out, in accordance with the state plans for the national economy, which may be prospective (usually covering a five-year period) or annual, with an explanatory breakdown. A second and lesser part of public investment is carried out over and above the state investment plans.

Funds for investment in housing carried out under state plans are provided by special allocations from the state budgets and budgets of local authorities, allocations from the planned profits of industrial enterprises and from a number of other sources. There is no special indication in the revenue side of the budgets of the sources of capital investment in housing, though a rough idea can be obtained by examining the items of budget revenue. The main source of budget revenue in socialist countries is the income from the national economy. Thus, in 1955, income from the national economy represented 74.6 per cent of the total budget revenue in Poland and 75.5 per cent in Bulgaria. According to the state budget of the USSR, revenue from the national economy should constitute 85 per cent of the total budget revenue for 1957, and, according to the Bulgarian budget, 77.3 per cent.

The main sources of finance for housing carried out over and above the state investment plans are special funds left at the disposal of industrial enterprises and designed for improving cultural and recreational conditions for workers and employees and for raising output. These funds are made up mainly of allocations from the planned profits of industrial enterprises and from profits in excess of the planned amount, and of sums allocated from a number of other sources. In industrial enterprises in Bulgaria the allocations amount to 3 to 5 per cent of planned profits and 30 to 50 per cent of profits in excess of the planned amount. A considerable part of these funds, spent by directors of the enterprises in agreement with the factory trade-union committees, is used for building living accommodation for the workers and employees in the enterprise concerned. Up to 70 per cent of the above-mentioned funds at the disposal of enterprises may be used for this purpose in the USSR during the period of 1957 to 1960. In addition, industrial enterprises and economic organizations in the USSR may in future use up to 30 per cent of total profits in excess of the planned amount, in addition to the sums paid into the fund of the enterprise or director (chief), for building dwellings.

In the USSR, state enterprises and local soviets of workers' deputies use the following funds for housing over and above the state investment plans:

- (a) profits from the sale of consumer goods manufactured from the waste products of the enterprise in question, which are left at the disposal of the enterprise and of which up to 50 per cent (up to 70 per cent in 1957 to 1960) may be spent by the director of the enterprise on building living accommodation for the workers;
- (b) prizes awarded to enterprises which are successful in the all-union socialist competition, and other prizes awarded to the enterprise or organization, part of which (up to 70 per cent in 1957 to 1960) may also be used for financing housing;
- (c) revenue received surplus to estimates in the state budgets of member republics of the Union, which may be assigned by soviets of ministers of member republics for housing over and above the state investment plans;
- (d) funds accumulated by local industrial enterprises, part of which may be assigned by soviets of ministers of member republics and executive committees of local soviets of workers' deputies for construction over and above the plans for capital works, including housing construction.

It should be added that the building of housing by the workers and employees of industrial enterprises and organizations is a practice which has recently gained ground in the USSR and received wide support from the state. In this connexion it has been decided that housing built directly by the labour of workers and employees of enterprises and organizations may be financed both by housing allocations under the capital investment plans and by the resources used for capital construction over and above the construction provided for in the state plans for capital works.

In the USSR, housing carried out by co-operative and public organizations is financed from the following sources:

- By collective farms - from the non-distributable funds;
- By producers' co-operatives - from long-term credit funds, sinking and other funds;
- By consumers' co-operatives - from the repair and building funds and other funds;
- By house-builders' co-operatives - from contributions of members of the co-operatives and other private funds;
- By societies of writers, architects, composers, artists and other public societies and organizations - from the funds belonging to those organizations.

In other socialist countries there are similar sources for financing housing, and additional ones as well. In Yugoslavia, special funds have been created to finance housing, mainly at the level of the local communes. To assist communes not having sufficient resources in their special funds, central funds have also been established. At first, the funds were supplied from a compulsory 3 per cent tax on all revenue under the local and republican budgets, but since 1956 the funds have been supplied from a compulsory tax amounting to 10 per cent of the wages paid by economic enterprises and administrative institutions. Enterprises pay their contributions from profits and institutions from their budgetary resources. A characteristic feature of this system of financing housing is that the resources of the above-mentioned funds are allocated in the form of long-term loans.

Side by side with the vast state and public housing programme, private and co-operative housing has been developed on a large scale in socialist countries, such housing being financed partly from the personal resources of private individuals and partly by state funds made available to workers on favourable terms in the form of bank loans. In the last few years in particular, private and co-operative housing has shown a very clear tendency to develop further in a number of countries (USSR, Poland, Bulgaria). This tendency has been encouraged by the constant rise in the

material and cultural level of the working people, and also by special steps which the socialist states have taken to expand private and co-operative house-building.

The proportion between public and private sources of finance for housing is not the same in different countries. Table 2, which shows the total living-space made available for use in the USSR indicates the size of the housing programme undertaken both at state expense and by private individuals with their own resources.

Table 2
Living Accommodation Made Available in the USSR (a)

Period	Living accommodation made available				
	In millions of m ²	By state enterprises and organizations and local soviets of workers' deputies		By private individuals in towns at their own expense and with the assistance of state loans	
		In millions of m ²	Percentage increase over the period 1929 to 1932	In millions of m ²	Percentage increase over the period 1929 to 1932
First five-year period (1929 to 1932)	38.7	32.6	100.0	6.1	100.0
Second five-year period (1933 to 1937)	42.2	37.2	114.1	5.0	82.0
3½ years of third five-year period (1938 to 1 July 1941)	42.0	34.4	105.5	7.6	124.6
1 July 1941 to 1 January 1946	49.8	41.3	126.7	8.5	139.3
Fourth five-year period (1946 to 1950)	102.8	72.4	222.1	30.4	498.4
Fifth five-year period (1950 to 1955)	144.2	105.4	323.3	38.8	636.1
Total	419.7	323.3		96.4	
Proportion (%)	100.0	77.0		23.0	

(a) Figures given do not include:

- housing carried out by enterprises and organizations over and above the capital investment plans. This amounted to about 10 million m² of living space built and made available for use during the period 1951 to 1955 alone;
- housing carried out by collective farmers and the village intelligentsia at their own expense and with the assistance of state loans. During the period 1951 to 1955 alone, collective farmers and the village intelligentsia built 2.3 million dwellings.

These figures show that during the five-year periods which have elapsed, state housing in the USSR has been on a very large scale. During the period 1929 to 1955, the volume of state housing was more than four times greater than the volume of housing constructed by the urban population at its own expense and with the help of state credit. Nevertheless, private housing in the towns increased at a quicker rate than state housing. Thus, while the volume of state housing increased by 3.2 times during the fifth five-year period in comparison with the first five-period, the volume of private housing in towns increased over the same period by 6.4 times, i.e. twice as much as state housing. The increase in housing financed by the workers themselves with the assistance of state credit was particularly marked during the post-war period.

In the coming years, state- and privately-financed housing in the USSR will undergo further extensive development. For this purpose, provision will be made for enormous capital investments under the sixth five-year plan (1956 to 1960). The amount of state housing investment alone will be roubles 78,000 million greater than under the fifth five-year plan. At the same time, the steady improvement in the material welfare of the workers will enable housing financed by the people's savings to be considerably developed. The planned volume of housing activity in the USSR during the years 1956 to 1960 is indicated by Table 3.

Table 3

Planned Volume of Housing Activity in the USSR (1956 to 1960)

Year	State housing (in millions of m ²)	Housing in towns and town-type settlements constructed at the expense of the popula- tion and with the help of state credit (in millions of m ²)	Housing on state farms constructed by state farm workers and the rural intelligentsia with the help of state credit (in thousands of houses)
1956(a)	28	11	700
1957	34	13	750
1958	42	19	800
1959	51	29	850
1960	60	41	900
Total	215	113	4,000
As % of housing constructed under the 5th 5-yr plan (1950 to 1955)	204	291.2	173.9

(a) The figures for state housing and housing in towns and town-type settlements constructed at the expense of the population and with the help of state credit in 1956 have been arrived at by calculating the difference between the published figures for the total planned housing constructed during 1956 to 1960 and the total volume of construction planned separately for 1957, 1958, 1959 and 1960.

It is clear that during the period of the sixth five-year plan in the USSR the amount of state housing will be twice as great and the amount of housing constructed in towns and town-type settlements at the expense of the population and with the help of state credit will be almost three times as great as during the period of the fifth five-year plan. Nevertheless, the amount of state housing will be almost twice as much as the amount of private housing in towns and town-type settlements. Housing on state farms constructed by state farm workers and the rural intelligentsia will increase during the period of the five-year plan by almost 74 per cent.

In Bulgaria, perhaps as a result of certain national traditions, the proportion of private investment (including bank loans) to the total volume of investment in housing is relatively high - more than 50 per cent, as may be seen from Table 4.

Table 4
Private Investment in Housing in Bulgaria, 1952 to 1955)

Year	Total investment	State and other public funds		Resources of private individuals, including bank loans	
		Amount	Proportion (%)	Amount	Proportion (%)
1952	462.1	222.1	47.8	241.0	52.2
1953	475.1	217.3	45.7	257.8	54.3
1954	761.9	407.7	53.5	354.2	46.5
1955	845.0	377.4	44.7	467.6	55.3
Total	2,544.1	1,223.5	48.1	1,320.6	51.9

The table shows that during the years in question there was an increase in investment both in housing built at the expense of the population and in housing built at the expense of the state and other public funds. Owing, however, to the fact that investment drawn from the resources of private individuals, including bank loans, increased at a quicker rate, the ratio of such investment to total investments in housing increased, except in 1954, and in 1955 amounted to 55.3 per cent.

In Poland the proportion of private investment in housing is considerably lower. According to the estimates for 1955, the proportion of total investment in housing in Poland represented by investment drawn from state funds, including state credits for co-operative and private housing, amounted to 75 to 80 per cent, while the proportion

represented by investment drawn from the resources of private individuals amounted to about 20 to 25 per cent. The Polish official statistics give data relating only to investments in state housing in towns. In 1955, such investment amounted to zl. 3,901 million.

The following data on rooms built and made available in Poland show that the volume of private and co-operative housing is tending to rise, both relatively and absolutely, in comparison with State housing:

Table 5
Rooms Built and Made Available in Poland, 1954 to 1956

	Rooms made available for use (in thousands)		
	1954	1955	1956
Total built	209.3	252.1	239.9
1. Built in towns and town-type settlements	141.2	165.9	155.9
(a) by the state	133.7	147.8	128.3
(b) by co-operatives	2.0	2.9	3.6
(c) private housing with state help	-	2.5	9.8
(d) private housing without state help	5.5	12.7	14.2
2. Built in the countryside	68.1	86.2	84.0
(a) by the state	24.7	28.2	21.5
(b) by private individuals	43.4	58.0	62.5

The figures also show that state housing in Poland is concentrated chiefly in the towns and town-type settlements while private housing is undertaken chiefly in the countryside. In the coming years, it is intended that there shall be a further large-scale development of state, co-operative and private housing in Poland. In addition to the large amount of housing to be undertaken in towns and town-type settlements, a considerable increase in housing in the countryside is expected as well. Investment in state housing under the five-year plan for 1956 to 1960 will amount to more than zl. 38,500 million, and to more than 6,700 million in 1957 alone. Of the 1.2 million rooms which it is planned to build during the five-year period, 890,000 will be built at the expense of the state and 310,000 from private resources. The state will suitably assist the further development of co-operative and private housing - of the total number of rooms to be built from private resources, 220,000 will be built with the financial help of the state.

Table 6 shows the planned relationship between state and private housing in Czechoslovakia during the period 1956 to 1960.

Table 6
Planned Relationship between State and Private Housing
in Czechoslovakia, 1955 to 1960
(in millions of crowns)

Year	State and private housing	State housing		Private housing	
		Amount	Percentage	Amount	Percentage
1956	5,918.81	3,268.81	55.2	2,650.0	44.8
1957	6,892.63	4,660.63	67.6	2,232.0	32.4
1958	7,087.66	4,855.66	68.5	2,232.0	31.5
1959	7,082.95	5,564.95	78.6	1,518.0	21.4
1960	8,372.49	6,676.49	79.7	1,696.0	20.3
Total	35,354.54	25,026.54	70.8	10,328.0	29.2

In 1956, the ratio of state investment to the total volume of investment in housing in Czechoslovakia was 55.2 per cent, as against 44.8 per cent for private investment. During the period of the five-year plan for 1956 to 1960, the proportion of state investment will increase and in 1960 will amount to 79.7 per cent, while the proportion of private investment will drop to 20.3 per cent. There will be a reduction in the absolute volume of private investment as well. Thus, while in 1956 private investment amounted to as much as crowns 2,650 million, the planned figure for 1960 is 1,696 million. At the same time, on the other hand, state investment is to increase by more than twice, from crowns 3,268.8 million in 1956 to 6,676.5 million in 1960. Over the same period the total volume of investment in housing in Czechoslovakia is to increase from crowns 5,918.8 million in 1956 to 8,372.5 million in 1960, or by 41.5 per cent.

The amount and proportions of investment from public funds and from the savings of the workers in Eastern Germany may be seen from Table 7.

Table 7
Investment in Housing in Eastern Germany, 1954 to 1956
(in millions of marks)

Year	Total investment in housing	From public funds		From private resources	
		Amount	Proportion (%)	Amount	Proportion (%)
1954	998.4	765.3	76.7	233.1	23.3
1955	1,049.9	665.2	63.4	384.7	36.6
1956	1,011.3	673.7	66.6	337.6	33.4
Total	3,059.6	2,104.2	68.8	955.4	31.2

In Romania, the amount of private funds invested in housing is not calculated by the statistical authorities, and consequently it is impossible to determine the total volume of investment in housing. Table 8 shows the amount of investment from state funds during the last two years.

Table 8
State Investment in Housing in Romania, 1955 and 1956^(a)
(in millions of lei)

Year	Total state investment	State funds used for financing housing		State credit for housing	
		Amount	Percentage	Amount	Percentage
1955	797.3	653.9	82.1	143.4	17.9
1956 ^(b)	969.4	780.8	85.9	127.3	14.1
Total	1,766.7	1,434.7		270.7	

(a) The private resources supplied by persons to whom housing loans have been granted are not included. Their amount is approximately equal to 25 per cent of the amount of the loans granted.

(b) The figures require verification. The figures representing state funds used for financing and providing credit for housing do not add up to the amount shown in the column for total state investment.

In Yugoslavia during the post-war period, about 75 per cent of urban housing has been financed by public investment. Rural housing has been financed almost exclusively from private sources. Table 9 shows that in recent years the volume and proportion of public investment in housing in Yugoslavia has been increasing, while the proportion of investment from private sources has been decreasing:

Table 9
Investment in Housing in Yugoslavia, 1952 to 1955
(in millions of dinars)

Year	Total investment in housing	Public investment		Private investment	
		Amount	Proportion (%)	Amount	Proportion (%)
1952	20,634	10,399	50	10,235	50
1953	32,336	18,496	57	13,840	43
1954	58,958	39,864	59	24,094	41
1955	58,490	39,498	68	18,992	32

Though not proportionately uniform throughout the socialist countries, the contribution of state and other public funds towards the financing of housing is everywhere extremely important in carrying out broad housing programmes. At the same time, the functions of the socialist state in the matter of improving workers' housing are not exhausted by the mere assignment of large funds for state housing activity. The state also has an essential part to play in developing private and co-operative housing. To a considerable extent, such housing is carried out with the help of state credit. From the land belonging to the state the state assigns to individual builders for an unlimited period the lots they need for housing. In the USSR, building lots are assigned gratis, and in Bulgaria they may be assigned gratis or for a minimum charge. In addition, state planning institutes and organizations prepare plans for standard types of houses and render the builders technical assistance either without charge or for a minimum charge. The state provides the builders with building materials and helps them with transport, etc. It should be especially emphasized that neither individual builders nor housing co-operatives incur any expense in connexion with town-planning and the provision of public services. Responsibility for road-building and the construction of external water mains, sewage, electricity supply, gas mains, thermal supply pipes, etc., is borne by the local state authorities or by industrial enterprises at state expense.

As has already been pointed out, an important source of finance for private and co-operative housing in socialist countries is represented by the state housing loans advanced to workers through the banks. In the following paragraph some idea is given of the volume of these loans.

In the USSR during the period 1946 to 1956 loans advanced to workers by the Communal Banks and the Agricultural Bank amounted to about roubles 16,000 million, while the planned figure for housing loans in 1957 alone is 2,800 million. In the Ukrainian SSR alone, loans to the value of roubles 341 million were advanced to individual house-builders in 1956 by the Communal Banks and branches of the Agricultural Bank of the Ukrainian SSR. During the period 1951 to 1955, loans to the value of roubles 605 million were advanced by the Communal Banks system of the Ukrainian SSR, while loans to the value of 700 million were advanced by the Agricultural Bank for private housing in rural areas. Under the 1956 to 1960 plan, loans through the Communal Bank system will increase by 150 per cent, and through the Agricultural Bank by about 50 to 70 per cent. In the Byelorussian SSR during the period 1946 to 1956, loans to the value of roubles 882 million were advanced through the Communal Bank and the Agricultural Bank for the building of individual houses in towns, workers' settlements and rural areas.

In Bulgaria in 1955 and 1956 the Bulgarian Investment Bank issued loans for co-operative and private house-building amounting to levs 182 million while the planned figure for 1957 is 200 million, that is, considerably more than the combined figure for the last two years.

In Romania, loans to the value of 270.7 million lei were advanced during 1955 and 1956.

Annex

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HOUSING COMMITTEE

(Item 2 of the provisional agenda
of the fifteenth session)

FINANCING OF HOUSING IN EUROPE

CHAPTER V: Summary of Conclusions

The purpose of this Chapter is to set down for discussion at the Committee the most important conclusions emerging from the analysis in the preceding chapters. In order to facilitate the discussion the conclusions are given in an order corresponding to the chapters in which the relevant analysis is contained. It should be noted that the concluding chapter in the final version of this report is likely to be in a considerably different form. At present the intention is primarily to focus attention on what seem to be the main conclusions which arise, in order to facilitate the Committee's task in arriving at its own conclusions.

Chapter I: Economic and financial problems of housing

The capital cost of a modern dwelling in Europe is declining in terms of average incomes, to a limited extent in recent years owing to some reduction in real housebuilding costs and mainly owing to a growth of real incomes. If present trends continue there is a likelihood of a significant improvement, in the foreseeable future, in the cost of a dwelling in terms of income. Probably the most practical effect of this improvement would be to bring owner-occupations within the means of income classes who can now afford only heavily subsidized rented accommodation. Another aspect is that where public financial aid is given on the basis of costs and incomes at a particular time, the need for continuing public financial aid at the level originally given is reduced. It is suggested that the following two practical developments in housing policy are desirable:

- (i) to intensify efforts to increase owner-occupation;
- (ii) to ensure that public financial aid is not continued permanently on a basis related to incomes and costs at the time the dwelling is built.

Public authorities in all European countries supply capital for housing, usually in the form of long-term credit. The purpose of these public funds in western Europe is to supply capital which would not otherwise be available for housing owing to institutional deficiencies, a shortage of funds in the credit market or to give better terms than are available in the credit market. In eastern European countries the absence of private credit markets requires public authorities to find the capital for housing not provided by individuals. In both eastern and western European countries provision of rented accommodation with the aid of public funds may tend, in countries with a high per capita income, to reduce the incentive and opportunity for personal savings associated with owner-occupation. Where there is a general inflationary situation which in the short run may be used to finance the housing programme, the longer term consequences are unlikely to be advantageous to its maintenance, since the necessary corrective measures which are sooner or later likely to be introduced will tend to bear heavily on housing as a sector relatively easy to cut down. The counterpart of this is that in an inflationary situation support for owner-occupation of houses of a reasonable size dependent on small savers can be a direct anti-inflationary measure. On the whole, it would appear desirable to reduce the dependence of housing on public funds where this can be done without sacrificing social objectives or reducing output. The means whereby greater participation for private capital may be achieved are set out below in the conclusions that emerge from Chapter III.

Even in the most industrially advanced countries in Europe public financial aid is necessary to bring the annual costs of a dwelling within the means of the majority of the population. One of the principal determinants of the amount of this aid is the level at which prewar rents are controlled. In western European countries the raising of prewar rents to more realistic levels is essential for the following reasons:

- (i) to ensure that the burden of public financial aid for new dwellings bears a reasonable relationship to current level of costs and incomes;
- (ii) to ensure equity as between tenants;
- (iii) to ensure a reasonable return on capital invested in housing, particularly to attract new private investment;

- (iv) to improve the maintenance of existing dwellings;
- (v) to increase the incentive to owner-occupation; and
- (vi) to eliminate demand for new dwellings arising from the mal-distribution of rent-controlled accommodation.

Some form of rent control appears essential so long as there are still housing shortages judged by the criterion of social need but this should not prevent an increase in rents which is judged to be reasonable having regard to current earnings.

In eastern European countries the following grounds exist for increasing the current level of rents:

- (i) the fact that rents are at a nominal level greatly increases the financial burden of providing new dwellings;
- (ii) maintenance of dwellings would be facilitated by a higher yield from rents;
- (iii) the nominal level of rents is a deterrent to owner-occupation.

Housing is so great a consumer of capital that investment in housing must be carefully related to other investment demands. Given the size of its claim on investment resources and its social characteristic, it is very sensitive to changes in general economic circumstances, particularly when dependent on a large volume of public funds. With the exception of the southern European countries and France, in all of which purely economic considerations have predominated, the level of house construction in western Europe has, under the influence of progressive social policies, expanded to a level which, with exceptions here and there and provided present levels are maintained, is not unsatisfactory in relation to minimum needs. The general economic situation in western Europe is not at present conducive to a further expansion of housing output, particularly in those countries where output is already relatively high. This is for two main reasons: inflationary pressure has developed in many countries as a corollary of economic growth, and savings have tended to fall short of investment needs as the volume of investment has continued to mount. (1)

(1) The volume of gross fixed investment in western Europe rose by an average of 10 per cent each year between 1953 and 1956 (see Eighth Report of the OEEC, Vol.1, Paris, April 1957).

Whether or not these conditions in their present acute form continue for a long period, it is desirable that housing policy should be reviewed in the light of the probability that such conditions are likely to persist. In such an economic climate it would seem that the maintenance of adequate housing programmes in western Europe can be assured only if the following principles are observed in the financing of housing:

- (i) Subject to observance of suitable social priorities, all forms of investment in housing from personal savings should be actively encouraged;
- (ii) down payments, annual charges and rents should be at realistic levels having regard to current costs and incomes;
- (iii) housing cannot be regarded as a social service to be provided at a cost to the occupier which is purely nominal having regard to his income;
- (iv) public aid should not be given to houses of a standard and size such that they are likely to be occupied by classes of the community not strictly in need of assistance.

In eastern European countries investment in housing, except in the USSR, has tended in the past to obtain a much lower priority than in the majority of western European countries. Following the progress made in establishing an industrial base in these countries, conditions exist for the expansion of housing in the future. All eastern European countries have formulated plans for a significant expansion of housing over the next few years. It would appear that in the financing of such expansion, the following principles should be observed:

- (i) Available public funds would provide a greater housing output if it were feasible to raise current rents from present nominal levels.
- (ii) The encouragement of greater participation by private savings and of self help, particularly in those countries where the great bulk of the housing programme is still publicly financed.

Chapter II: Investment in housing

Western Europe: Some idea of the extent to which housing will demand capital over the next few years can be gauged from the following figures. In western Europe as a whole, to keep pace with the population increase, to replace dwellings falling out of use and to carry out major conservation work on existing dwellings, would

require an output, for some years to come, of from four to five dwellings per thousand inhabitants. This would require a total investment in housing of about 3.2 per cent of gross national product. This investment, however, would only maintain the existing housing situation. If, as a general hypothesis, it can be assumed that consumption of housing will increase proportionately to consumption in general, an estimate of the probable investment required to improve the housing situation can be made. Recent estimates suggest that per capita consumption in western Europe is likely to increase by some 2.8 per cent a year on the basis of 1955 up to 1960. If, on the basis of the hypothesis being made here, housing consumption is to keep pace with this general increase in consumption, between 2.5 and 3 per cent of the gross national product would be required. On this assumption, therefore, it would appear that an annual investment of about 6 per cent of the gross national product in western Europe would be required during the next few years to meet currently increasing needs and the assumed increase in housing consumption. In fact housing investment in western Europe in 1955 was equivalent to about 4.5 per cent of gross national product. Investment in housing is, therefore, well above the level of investment required to meet current needs but is below that required for housing consumption to increase at the same rate as general consumption.

In assessing the relative position of housing in individual countries, it is useful to group the countries according to whether the general investment rate, i.e. the proportion of the gross national product devoted to gross fixed investment, is high or low. To the group of countries where the general investment rate is low belong Belgium, Denmark, France, Greece, Ireland and Portugal. In these countries investment is in the neighbourhood of 15 per cent of gross national product and sometimes less, compared with an average rate in the vicinity of 20 per cent for western Europe as a whole. In this group of countries, since the general investment rate is low, competition between directly productive investment and the more social type of investment represented by housing is likely to be intensified over the next few years. This is particularly so as, except in Denmark and Ireland, housing already forms a rather high proportion of gross fixed investment in these countries. In Denmark and Ireland housing forms a lower proportion of gross fixed investment not only because housing costs are low in both countries but also because

the housing situation in these countries is better than the average. Also, economic growth has been slow in both countries in recent years, which emphasizes the need for expansion of directly productive investment. The general indications are, therefore, that housing output will not expand further for some years in the countries in this group, except in France where, however, only a rather small expansion may be expected. The housing situation is particularly poor in Greece and Portugal, two countries where it has not yet proved possible to develop a comprehensive programme to rehouse the lower-income families. In Denmark and Ireland the pressure to expand housing output on social grounds has slackened. In France, however, there is both an urgent need and demand to expand output, but economic considerations limit expansion; some improvement in the social distribution of the current output appears, however, to be desirable.

The United Kingdom falls into an intermediate group between countries with a low, and countries with a high, general investment rate. In this country also pressure to expand housing on social grounds has slackened in the last two to three years.

The second group of countries where the general investment rate is high - ranging from 20 to 29 per cent of gross national product - comprises Austria, the Federal Republic of Germany, Finland, Italy, the Netherlands, Norway, Sweden and Switzerland. Except in Austria, the Netherlands and Norway, housing in these countries forms a high proportion of gross fixed investment. The prospect of a further expansion of housing in the latter countries is therefore small, with the exception of Italy, where special considerations apply. In Finland, Sweden and Switzerland, output is below demand, but inflationary pressure prevents any further expansion for the present. In the Federal Republic of Germany, the current high output is regarded as satisfactory, no further expansion is envisaged, and maintenance of the present output seems likely. In Italy the relatively high investment in housing as a proportion of gross fixed investment is not so much due to a high output per thousand inhabitants as to the fact that the dwellings erected are costly. The bulk of the dwellings are beyond the means of lower-income families. They are financed to an extent greater than in most western European countries from personal resources and this suggests that some further expansion in output is feasible as housing investment places less strain on public budgets than in other countries and is less inflationary. Housing demand remains acute. The

fact that in Austria, the Netherlands and Norway housing forms a relatively low proportion of gross fixed investment suggests the possibility of an expansion in those countries and this would appear to be desirable in view of the housing situation in these three countries. In the Netherlands an expansion of housing to a level 30 per cent higher than the 1955 level is envisaged over the next few years by reducing investment in other directions. In Austria the shortage of long-term credit necessitating the raising by taxation of public loans for housing effectively limits expansion of housing. In Norway, a policy of favouring directly productive investment and avoiding the raising of public credit for housing which is not based on genuine savings has caused housing output to contract. No plans appear to have been made to expand housing in the near future.

Eastern Europe: With the exception of the USSR, investment in housing in eastern European countries has been at a lower level, judged by any criterion, than in the majority of western European countries. This is due primarily to the heavy concentration of investment in eastern Europe on industrialization. The urbanization associated with this industrialization has also required heavy investment in community facilities, such as schools, hospitals and similar public buildings; this, in turn, has reduced investment in housing. The bulk of the public investment in housing has been concentrated in the urban areas where need has been greatest. Rural housing has mainly depended on private funds and self help.

In eastern Europe the output required to maintain the existing housing situation is higher than the corresponding output of 3.65 dwellings per thousand inhabitants estimated to be required in western Europe. Internal migration is much heavier in eastern than in western Europe owing to the development of industrialization; replacement of existing dwellings is probably the same or somewhat less; while natural growth is very much higher in eastern European countries, the difference between east and west in the marriage-rate is not very great; the large rural population in eastern Europe offsets the tendency for large urban households to split up. Housing requirements to improve quantitative or qualitative shortcomings in the existing stock are very extensive but no estimate of these requirements is feasible. Except in the USSR, housing output in recent years has been inadequate to meet even current requirements. Between 1951 and 1955 output in eastern Europe, excluding the USSR, is estimated to have been on average 2.7 dwellings per thousand inhabitants. In the same period output in the USSR was 6.7 dwellings per thousand inhabitants, which appears to cover current requirements and to make some contribution to the shortage of housing which has accumulated over many years.

In Czechoslovakia also, current output seems to be sufficient to exceed current requirements.

The high general investment rate in eastern Europe and the relatively low proportion formed by housing indicates the existence, in general, of financial and labour resources to permit an expansion of housing provided the supply of materials is adequate. Such an expansion is in fact envisaged in all the eastern European countries during the period 1957 to 1960. The increases in housing investment range from 66 to 114 per cent over the preceding five-year period. Housing investment is already increasing more rapidly than investment in the national economy as a whole in eastern European countries. In addition, in a number of countries, while housing investment is increasing, the share of gross fixed investment in the national increase is tending to decline. Success in achieving the planned expansion appears to depend on the following factors:

- (i) That sufficient materials are available. The use of local materials which do not require industrial processing appears to be envisaged on a considerable scale.
- (ii) Participation of private funds and private labour must be increased and in this connexion it must be noted that the maintenance of the present low level of rents tends to discourage owner-occupation.
- (iii) Expansion of public loans on favourable terms to private builders.
- (iv) Reduction in the cost to public funds of publicly provided dwellings which in turn requires greater yield from rents.
- (v) That the dwellings erected be of a minimum type. It appears to be the policy that only small and medium size dwellings be constructed. For example, the average size of dwellings in Poland has been fixed at 2.6 rooms, and in the USSR dwellings to be built in the course of the next few years will contain, on the average, slightly more than three rooms.

- Chapter III: Sources of capital for housing and the financial institutions concerned

Western Europe: Public funds account for approximately one-third or less of total capital expenditure on housing in the Federal Republic of Germany, Finland, Greece, Italy, Portugal, Sweden, Switzerland and Turkey. Austria probably also belongs to this category. In the remaining western European countries, viz: Belgium, Denmark, Ireland, the Netherlands, Norway, Spain and the United Kingdom, public funds amount to 40 per cent or more of total capital investment in housing. In the group of countries where the public share of housing capital investment is low, two basic differences may be distinguished between the countries. In the Federal Republic of Germany, Sweden and Switzerland, the low proportion of public funds is mainly attributable to the fact that in these countries there is a relatively good capital market or capital at least freely available to supply the necessary long-term credit. The resources of the capital market, however, are limited in Finland, Italy, Greece, Portugal and Turkey, and in the absence of public funds, housing is financed mainly by a high personal investment. There are certain differences also between the countries where the public share of housing capital investment is high. The fact that the credit market in Belgium is dominated by the semi-public General Savings and Pension Bank accounts for the apparent high proportion of public funds in Belgium. In the Netherlands and the United Kingdom, the high share of public funds is accounted for by the large programmes of publicly-owned housing in those countries. In Ireland and in Spain, the shortage of capital funds in the market is the primary reason for the high proportion of public funds used for housing. In Ireland, this tendency is accentuated by the fact that there is a large programme of publicly owned rented dwellings and that down payments on owner-occupied dwellings are among the smallest in Europe. In Norway, the existence of special public housing banks accounts for the high proportion of public funds. The fact that this proportion, which amounted to 58 per cent in 1955, is not higher is because one quarter of total output is built without public loans and because down payments are among the highest in western Europe. The relatively high public share of housing investment in Denmark is partly because the capital market is organized only to give first and second mortgages, and partly because originally subsidies were given through a low rate of interest on the public loans. The share of the public funds in Denmark tends to be increased, also, by the fact that the amount of rented accommodation is relatively high, over 40 per cent of total output in urban areas in recent years, which tends to reduce the share of housing investment coming from down payments on owner-occupied dwellings. Housing policy is directed to increasing owner-occupation.

Table 1 summarizes the information available at present covering the sources of the public capital funds provided in 1955 for housing in those countries where such funds were more than a negligible proportion of total housing investment in that year.

Table 1
Sources of Public Capital Funds for Housing, 1955

Country	Borrowing by public authori- ties	General revenue	Special taxes	Semi- public institu- tions	Remarks
As percentage of total public funds					
Austria	-	x	x	-	No precise information available.
Belgium	-	27	-	80	The semi-public institution is the Caisse Générale d'Epargne et de Retraite
Denmark	100	-	-	-	
Finland	x	-	-	x	No precise information available. The Post Office Savings Bank provides portion of the public funds.
Ireland	80	20	-	-	Capital grants are financed out of state revenue. Public loans are financed out of state borrowings.
Italy	-	x	x	x	No precise information.
Nether- lands	80	20	-	-	Capital grants are financed out of state revenue. Public loans are financed out of local authority borrowings.
Norway	78	22	-	-	Capital repayable grants are financed out of state and local authority revenue. Housing banks loans are financed out of state borrowings.
Spain	100	-	-	-	The public authorities are the National Institute for Housing and the Credit Institute for National Reconstruction.
Sweden	x	x	-	-	No precise information available.
United Kingdom	x	x	-	-	Capital for local authority housing is provided from the state budget and from the capital market.
Western Germany	x	x	-	-	No precise information available

x : Indicates sources where figures are not known.

The bulk of the public funds comes from borrowings by public authorities whether central or local. In most cases these borrowings are specially for housing and are not the result of general public loan issues. Specific borrowing for housing affords greater assurance of the necessary capital for housing than where the capital for housing has to depend on the results of a loan issue for general capital needs. Specific housing loan or bond issues may

also ensure a greater response from the general public because of their concern for better housing. General state and local authority revenue appears to be the next most important source of capital for housing but to a much lesser degree than borrowings. Special taxes are of importance only in Austria and Italy, two countries where supplies of long-term credit is limited. In Belgium, a semi-public savings institution provides the bulk of the public funds while post-office savings banks provide some portion of the public housing capital in Finland and Italy.

The capital for housing which does not come from public funds may be divided into capital originating from personal sources and capital originating from the private credit institutions. Table 2 summarizes the information available at present concerning the sources of the non-public capital invested in housing in 1955. The personal capital would include down payments by owner-occupiers and investment in rented dwellings by individuals and companies.

Table 2
Sources of Private Capital Funds for Housing, 1955

Country	Public capital	Personal capital	Capital from private credit institutions	Remarks
	As percentage of total investment			
Belgium	43	57	-	The public capital includes 34 per cent of total investment provided by the Caisse Générale d'Epargne et de Retraite.
Denmark	45	15	40	
Greece	5	35	60	
Ireland	75	5 to 10	15 to 20	
Italy	13	52	35	
Netherlands	58	17	25	
Norway	58	25	27	
Sweden	36	10	54	
Switzerland	2	30	68	
Western Germany	27	33	40	

The countries where personal capital is most important are Belgium, the Federal Republic of Germany, Italy, Greece and Switzerland. In Belgium, the fact that about three-quarters of total output is for owner-occupation is the most important factor causing a high investment from personal resources. In addition, approximately

one-quarter of the dwellings being erected do not qualify for public financial aid because they are too costly and are being financed mainly out of personal resources. In Greece and Italy, the high proportion of personal capital is due to the fact that much of the output in these countries is of an expensive type requiring a high personal investment. In Switzerland and the Federal Republic of Germany the high personal investment seems to be mainly due to the provision of a high proportion of rented dwellings by private investors. Personal capital is probably a high proportion of total investment in Austria and the United Kingdom too but precise information is lacking. The countries where personal capital is of lesser importance comprise Norway, the Netherlands, Denmark, Sweden and Ireland in descending order of the importance of personal capital. The proportion is relatively high in Norway owing to the fact that the bulk of the output is for owner-occupation. The proportion is lower in Denmark and Sweden than in Norway primarily because rented dwellings comprise from 35 to 50 per cent respectively of total output in the former countries. In addition, loan capital is obtainable up to a higher proportion of cost in Denmark and Sweden. The low proportion of personal capital in the Netherlands and Ireland is due to the fact that in both countries approximately 50 per cent of the output is publicly financed rented dwellings and down payments on owner-occupied dwellings are particularly low.

Owner occupation is an important means of drawing on savings, particularly small savings, and even of encouraging their growth. It is particularly important in rural areas where a contribution in kind, particularly in labour towards the capital cost is often made. Housing policy should actually encourage owner-occupation having regard, however, to the ability of the bulk of the population to afford owner occupation. Tenants co-operatives, where the down payment is refunded on leaving the dwelling, provide a useful adjunct to publicly owned rented accommodation.

Rent control is the main cause of the decline of private investment in rented dwellings. With the relaxation on rent control there has been a reappearance of this type of investment in a number of countries. The purchase of shares in real-estate companies providing rented dwellings is a method of private investment in rented dwellings which meets present-day needs very well since with the trend towards the splitting up of private fortunes, urban housing is tending more and more to take the form of blocks of flats which require more capital than in former days. The amount of this type of investment is, however, limited and there would appear to be scope for

measures to develop it. The provision of workers' housing by industrial concerns is of growing importance and this type of housing provides capital for housing in a particularly inexpensive form. There would appear to be scope for encouraging more such housing provided the additional change on production is not considered excessive and that there is no connexion between the worker's labour contract and his dwelling.

There are no records of the extent of loans between individuals for housing. In certain countries, however, special agencies or lawyers bring borrowers and lenders together, which creates a sort of market tending to standardize borrowing procedure and rates of interest and facilitating the development of this method of investing savings. Consideration might be given to the possibilities of creating similar agencies in countries where loans between individuals are likely to be of importance. Employers often grant loans to employees particularly in those countries where the provision of housing by industrial concerns is considerable, either in order to attract labour or because of a legal obligation to do so. In some countries, an external body has been set up by the employers to deal with these loans.

Experience has shown that savings banks can safely lend a large proportion - in fact probably more than half - of their deposits in long-term housing loans. This form of financing has the advantage of using capital whose rate of interest - that of the deposits - is practically the same as the short-term rate and is, therefore, lower than that obtainable in the long-term money market. In some countries, the savings banks are public or semi-public institutions e.g. post office savings banks.

Building societies, originally of a co-operative nature, now tend to be a variant of savings banks. They are most common in those countries where normal savings banks do not exist.

Investment in mortgage loans by insurance companies, long an important source of housing capital, was reduced in the early post-war period particularly in countries where inflation was heaviest. With the return of economic stability these investments have tended to increase. Insurance companies do not always loan directly to owner-builders; a more general method is the purchase of bonds or debentures by land banks or building loan societies.

In most western European countries there are specialized institutions for the provision of property loans e.g. real-estate credit or mortgage societies, land banks, credit associations etc. Some of these institutions may be public or semi-public. Generally, these institutions obtain their funds by public issues of bonds or debentures but may also obtain these from other sources such as public funds and deposits.

Ordinary banks in most countries do not grant long-term building loans. In certain countries, however, they play an important role in granting short or medium term credits often on current account.

Eastern Europe: Table 3 summarizes the available information as to the relative importance of public and private capital in housing investment in eastern European countries.

Table 3
Sources of Housing Capital in 1955

Country	Public Funds	Private Funds
	As percentage of total investment	
Bulgaria	44	55
Czechoslovakia	55	49
Eastern Germany	69	31
Hungary	..	..
Poland	75	25
Romania	..	..
USSR	..	..
Yugoslavia	68	32

As is stated in Chapter III (HOU/Working Paper No.66/Add.3), the necessary information is being sought to complete this table and to explain the differences between the countries in the relative importance of the public and private investment in housing. The principal underlying reasons for the differences would appear to be the relative degree to which industrialization has developed in recent years in each country. Where the growth of urbanization associated with industrialization has been particularly marked, public funds tend to form a higher share of total housing investment since public funds are mainly invested in urban housing.

The greater part of public investment in housing is planned either on an annual or five-year basis. A lesser part is carried out over and above the state investment plans. Planned public investment is financed out of central and local budgets, planned profits of industries and from a number of lesser sources. The public budgets are usually financed as to three-quarters or more out of revenue. The unplanned public investment is financed out of special funds left at the disposal of industrial enterprises to improve cultural and recreational conditions of those employed and to raise output. These funds come from levies on planned and excess profits and from other sources. A considerable part - up to 70 per cent in the USSR - of these funds

may be used for housing. In the USSR up to 30 per cent of profits in excess of the planned amount may be used for housing in addition to the sum paid with the special fund. Other sources of funds for housing in the USSR are profits from the sale of consumer goods manufactured from the waste products of enterprises, prizes won by enterprises, excess revenue in republic budgets and accumulated funds of industrial enterprises. In the USSR building by the direct labour of workers and employees is being increasingly financed under the public housing programme.

Housing by co-operative and public organizations is financed out of the funds of these bodies supplemented by private funds.

In Yugoslavia, central funds fed by a special tax equivalent to 10 per cent of the wages paid by enterprises and institutions supply the bulk of the capital for housing. This tax is paid out of profits by the enterprises and out of budgets by the institutions.

It is hoped to obtain further information to show the relative importance of the various sources of public funds and, in addition, to analyse the reasons for any differences as between countries in the relative importance of the sources.

Private funds invested in housing in eastern Europe come entirely from personal resources since there is no private credit market. Rural housing is mainly financed by private funds.

In addition to private funds state credit to private and co-operative housing is a significant factor in eastern Europe. In the USSR during the period 1946 to 1956, public loans to private builders amounted to about 16,000 million roubles; in 1957 about 2,800 million roubles will be advanced. In Bulgaria, public loans amounted to 182 million levs in 1955 and 1956, in 1957 it will be 200 million levs. In Romania, the value of public loans was 271 million lei in 1955/1956. As well as public credits, state aid to private housing includes provision of sites gratis or at nominal prices and the provision of plans, technical assistance, building materials and transport. No cost is incurred by private builders for roads and public services.

Chapter IV: Public financial aid

Public financial aid to housing can be either direct or indirect aid. Direct aid involves payments out of public funds; these payments may either cause a loss to public funds or may not. Indirect aid normally does not require a direct payment from public funds e.g. tax concessions.

The proportion of output aided varies considerably as between countries. This is due to such factors as shortage of public funds, varying qualifications for aid, and ability to build without aid.

Among western European countries, direct public financial aid tends to be given in either of three broad ways. It may be restricted to a particular narrow section of the population, special provision may be made for lower-income classes but with some aid for all classes or a general form of aid may be available for all with limited provision for certain classes. The first two methods of distributing direct aid tend to make a clear distinction between lower-income and other income groups. They are thus designed to ensure that the special needs of the lower-income classes are met. It is usual to have public or semi-public bodies charged with the provision of dwellings for these classes. These dwellings tend to be rented dwellings while direct aid to the other income classes tends to encourage owner-occupation. The third method of distributing aid does not distinguish sharply between income groups. It will be successful in meeting the need of lower-income groups only where the general income range is not wide and where all classes are prepared to undertake owner-occupation. The latter method of distribution is also associated with the principle of avoiding segregated one-class housing estates which tend to be a product of the other two methods. It is doubtful if non-segregated housing estates are in practice as successful in lowering social barriers as would appear in theory but, if practicable, such estates would be preferable to segregated estates. They are not always practicable, however, particularly where a big slum-clearance problem exists which requires priority of energies and finance. One-class housing estates also tend with time to a more varied class structure.

In eastern European countries, public housing is provided at a nominal rent level apparently for all classes but there is an important sector of private owner-occupation housing in all these countries. The latter housing usually receives direct public aid by means of low-interest loans. The nominal rent level in the rented dwellings increases the burden of housing on public budgets and reduces the incentive to owner-occupation. There is some evidence of a growing belief that rents should be raised to more economic levels to reduce the burden of housing on public budgets, to improve maintenance, to reduce costs and to provide a greater incentive to private owner-occupation housing.

In western European countries, just over 40 per cent of total housing output or 10 per cent of directly aided output is provided by public bodies or non-profit associations; in general this type of housing is within the means of lower-income families.

In eastern European countries, public housing represents about 45 per cent of total output and 85 per cent of directly aided output.

Housing for lower-income families in western Europe tends to be provided by public or semi-public bodies since the private provider of rented accommodation exists only in a few countries. The output of public and semi-public bodies in western Europe is often controlled by policy decisions in regard to the distribution of public capital for housing. Such decisions appear to be necessary to ensure that a social direction is given to housing output. These allocations should be announced well in advance in order to facilitate planning and continuity of output. A successful social distribution of output will usually require, however, organization of the demand for housing by means of public or semi-public bodies.

Indirect aid consists mainly of tax concessions and mortgage insurance or guarantees. There are two kinds of tax concessions. The first is a tax concession to the owner of a dwelling, the object being to reduce the annual costs of the dwelling. The second is a tax concession in respect of capital invested in housing, the object being to increase the supply of capital for housing. The most important example of the first is the whole or part remission of property tax, usually for a limited number of years. These concessions reduce annual costs substantially in some countries and would appear to have important effects in stimulating the erection of new dwellings. These concessions, however, are objectionable from some standpoints. The relief is rarely permanent and usually results in a sudden increase in annual costs without regard to the payer's economic circumstances. A progressive decrease in the concession would be preferable to complete cessation. A property tax is not usually a progressive tax and it would seem preferable, therefore, that the full tax should be levied and redistributed in accordance with economic need. Also, occupiers of older dwellings often have to pay a higher property tax by reason of the concessions granted to those in new dwellings. Thus a non-progressive tax is used to redistribute incomes in a non-progressive way. The differential given to new dwellings by these concessions may adversely affect the market in old dwellings.

Income tax relief is granted in some countries on interest payments in respect of mortgages. This benefit does not aid those most in need of relief. It encourages owner-occupation, however, and would not appear to be inequitable provided rented accommodation is being made available for those who cannot afford owner-occupation.

Relief from the burden of fees, taxes duties etc. associated with house-construction and ownership is an important aid to expanding housing output and reducing the costs of ownership. It would seem that further efforts might be made to reduce and simplify imposts of this nature. Efforts might also be made to negotiate favourable fees for professional services in connexion with housing, particularly social housing.

A number of countries give important income or profits tax concessions in respect of capital invested in housing. In the Federal Republic of Germany, these tax concessions have attracted considerable amounts of capital to housing; approximately half the housing output in recent years has benefited from these concessions, no direct public financial aid being given to such housing. Adoption of similar tax concessions in other countries must have regard to the effects on the provisions of capital for other purposes and on the structure of the tax system. In the Federal Republic of Germany, the concessions to housing capital have increased the cost of capital to industry; it should also be noted that in this country income tax is less progressive than in some others.

A mortgage insurance or guarantee has two objects, viz, to enable loan capital to be provided on better terms and to encourage investment in housing by improving the security of such investment. In the United States, mortgage insurance or guarantee has been successful in improving the attractiveness of housing as an investment. There is some evidence, however, that it has not been so successful in improving the terms of loan capital so as to increase owner occupation among lower-income families. Mortgage insurance in Europe has been less successful in attracting new capital to housing since the major problem in Europe tends to be a general shortage of savings. It also appears not to have been markedly successful in bringing the terms of loan capital within the means of lower-income families. In Norway, it is considered that financing through the public housing banks is less likely to lead to fluctuations in house-building than financing through market institutions with the aid of mortgage insurance.

In eastern European countries, the publicly provided housing ranges from two-thirds of output in Poland to one-fifth in Romania. Typically the rents are uniform, being based on a fixed sum per square metre of usable floor space. They are nominal rents which are not adjusted to cover increasing costs and are insufficient to meet outgoings. The nominal level of the rents may act as a deterrent to cost reductions, reduce expenditure on maintenance and discourage owner occupation. Over-occupation of dwelling-space is guarded against by "space norms" per individual and by charging higher rent for space in excess of the norm. There would appear to be scope for increasing the rent level having regard to differences in family incomes without creating hardship. Yugoslavia has set up special revolving funds financed out of a fixed levy on budgets and profits. These funds are designed to ensure stable financial provisions for housing. By making advances repayable it is hoped to increase attention to costs.

Public housing in western European countries is typified by local authority housing in Ireland, the Netherlands and the United Kingdom. The main form of subsidy in the three countries is by annual state subsidies per dwelling. In Ireland and the United Kingdom, the local authorities also subsidize the rents. These countries ensure that the dwellings are within the means of all tenants by fixing rents in accordance with family income, the subsidies paid per dwelling being pooled for this purpose. The rents in the Netherlands appear to take less account of individual variations, whether temporary or permanent, in rent-paying capacity. In the Netherlands, however, periodic adjustment of the general rent level is envisaged and the subsidies are reduced accordingly. In Ireland, a similar adjustment is feasible according as the rent income rises. In the United Kingdom, however, the state subsidy is a fixed amount, unalterable except by special legislation. The amortization period in the three countries is from fifty to sixty years. This period could be increased with the result that rents could be lowered and payment of direct subsidies reduced with a gain to public funds. The reason why this is not done appears to be that the shorter period increases the turnover of capital, provides a profit rent during the latter part of the life of the dwelling when repairs are highest and reduces the burden of debt when that burden might be expected to increase with the provision of new dwellings. On the whole, the present system of direct aid to these dwellings appears satisfactory provided the rents are related closely to individual need and that the burden of subsidies can be reduced in step with improved general economic circumstances.

Some countries have developed, as an alternative to public housing, semi-public housing provided by societies using private capital to a greater or lesser extent. These societies are usually able to obtain a proportion of the capital either from the credit market, from industrial concerns or from personal resources. The existence of a substantial capital market is an impetus to this type of housing but in some countries the absence of sufficient public funds and of a well supplied capital market has also encouraged this type of housing in order to attract capital from other sources, notably industrial concerns and personal resources. Industrial concerns are an important source of capital for housing in some countries, particularly where a legal obligation has been placed on them to provide housing for their own workers. Other countries should consider the possibilities of increasing the provision of such housing where it is considered not to interfere with the efficiency or cost of production of the concerns or with the development of industrialization. A few countries have developed tenants' co-operatives where a down payment from the tenant is required, this being refunded if the tenant vacates the dwelling. Such co-operatives reduce the demand on public funds for loan capital. It would seem desirable that the profits of these co-operatives should be controlled so as to ensure adequate maintenance and utilization of such profits for new dwellings.

Direct aid to this housing is mainly by low- or no-interest loans. This form of aid tends to produce a general rent level which may not be within the means of low-income families unless special supplementary aid is given to them. There would appear to be need for some countries to re-examine this form of aid to ensure a greater accord with individual circumstances.

Where semi-public or public housing is reserved for a special group, e.g. income group, power should exist to withdraw the public aid involved if the original qualification is lost.

Where general economic circumstances improve, power should exist to change the general rent level by reducing the amount of aid.

Aid in the form of a low or no-interest loan does not readily admit of all the foregoing adjustments. It would seem preferable to charge higher interest rates and to use the resultant funds to meet individual needs.

A low or no-interest loan protects house-building against fluctuation in interest rates but does so effectively only where it comprises the whole or nearly the whole of the loan capital. Stability of the interest rate is probably more important in this connexion than its level.

Direct aid to owner-occupation is usually intended to bring owner-occupation within the means of all classes or to bring it within the means of the better off families only. In the latter case, there is usually a special system of aid for rented dwellings for lower-income families. In a few countries, however, the direct aid to owner-occupation is confined to lower-income groups. Most countries, however, consider that income qualifications should not be attached to the grant of public aid for owner-occupation. Since the original income qualifications would be subsequently lost in many cases the question of recovering the aid given would arise. This would present great administrative difficulties. In addition income qualifications usually would not more effectively cut off from receipt of public aid those who do not need it than the delay necessary in most countries to obtain the aid and than the cost and size limits imposed on the dwellings eligible for it.

Practically all countries give loan capital aid to owner-occupiers. The amount of the public loan varies with the possibilities of obtaining loans from other sources. The personal contribution may be as high as 70 per cent of the cost in eastern European countries. In western European countries, the down payment ranges from between 5 and 20 to 25 per cent at most.

In most countries the loans are given at a rate of interest uneconomic for the lender. Comparatively little use is made of extended amortization periods to reduce annual charges. Consideration should be given to this form of aid provided it is not considered that it will reduce the incentive of ownership and reduce the turnover of capital.

The rate of interest on public loans already granted should be capable of being increased where improvements in general economic circumstances would enable higher annual costs to be borne.

Lump sum grants are given in some countries. In a few countries these grants are regarded as non-interest loans to be repaid in due course. More usually they are non-recoverable. These grants should be repayable. A moderate extension of the loan period would enable these grants to be repaid without increasing annual charges.

Annual subsidies are paid in two countries to owner-occupiers. In one case they are related to an income qualification without any provision for withdrawal if the qualification is lost. In neither case is there provision for adjustment to meet a general improvement in rent/income relationship during the currency of the subsidy.

Interest subsidies where related to income qualifications should be capable of being withdrawn where the qualification is lost or where there is a general improvement in rent/income relationship.

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HOUSING COMMITTEE

(Item 2 of the provisional agenda of the fifteenth session)

FINANCING OF HOUSING IN EUROPE

ANNEX I: Financing of Co-operative Building

INTRODUCTION

The purpose of housing co-operatives is to build blocks of flats or detached family dwellings for their members as cheaply as possible.

This study is mainly concerned with the more specifically "co-operative" aspects of financing, i.e. co-operators' own contributions, sales of co-operative dwellings and savings schemes connected with co-operative housing.

Each co-operator must pay a proportion of the cost of his dwelling, since the main purpose of co-operation is to reduce building costs in the interest of all members, primarily through pooling their resources. The members buy their own homes or a share in a communal housing organization out of their earnings and savings; in some cases, saving schemes have been established to help them pay their share.

As any form of speculation in co-operative housing must also be prevented, certain precautions are taken when dwellings are sold.

I. CO-OPERATORS' OWN CONTRIBUTIONS

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

A. HOUSE-PURCHASE

A contribution from the member is called for almost everywhere when the purpose is house-purchase. There are many instances in which members may receive various forms of assistance in making up their contributions.

(a) Obligatory contributions from members

These are sometimes large. Thus, in Finland the contribution is in theory only 10% of the purchase price of the dwelling, but actually lies somewhere between 20% and 30% of the cost. The contribution must be paid in advance during the year preceding the completion of building and in at least three instalments.

In the United States, the contribution in the co-operatives known as "Co-ventures" is either a proportion of the building cost (5% - 20%) or is paid in a lump sum (for example, \$500 a room).

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.

In Italy, the contribution amounts in certain cases (e.g. "co-operatives obtaining loans on preferential terms") to 25%.

In Poland, State credits may in theory amount to as much as 70% - 85% of building costs, but in practice they do not amount to more than 50%, which makes the member's contribution proportionately high.

In some countries, the contribution is 10% - 15%. In Austria, for instance, it is 10% of the building costs and the purchase price of the land, plus a subscription of at least 300 schillings, to be paid down at the outset.

In France, the contribution is by law 15% (reduced to 10% 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%.

In Great Britain, the Building Societies (which are not co-operatives in the strict sense, although very similar) operate in much the same way.

In other countries, the contribution varies. In Germany, members are always required to take up one share (300 - 500 DM), 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 60,000 Belgian francs for a house worth 360,000 francs (i.e. one-sixth).

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% of the building costs.

Lastly, in some cases there is little or no member's contribution. In the Netherlands, for instance, financial assistance may reach 100% of the cost of the land and building costs, so that, apparently, no contribution is required of the

⁽¹⁾ This does not, however, seem to be an outright sale (see II A below).

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 100 - 500 florins.

In certain Italian societies (housing co-operatives and non profit-making bodies), loans cover all expenditure, and there would appear to be no contribution required of the member.

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 11.7 million DM 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 £50 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% 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 Haka Society, which is repaid over a period of 10 years by the occupier along with his monthly instalments. The co-operator does not receive the share certificate representing the amount of his subscription until the advance from the Haka 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% of wages by employers, and, in deserving cases, loans from the Co-operative's Mutual Fund.

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

In the United Kingdom, Italy, Western Germany and Austria, the member's contribution is the same whether he be tenant or owner-occupier (except as regards contributions in labour).

In Poland, the member's contribution is high, since State credits actually amount only to 50% of the cost, as for an owner-occupier (whereas in theory they may amount to 90%).

In Norway, too, the contribution required for co-operative dwellings is relatively high. State loans are not computed as a percentage of building costs; but the member's contribution may be estimated at 15% of these costs.

This proportion of 15% is also the general rule in the co-operative letting system in France (N.B. here, too, the civil servant's contribution is reduced to 10%). The member subscribes for, and immediately pays up in full, shares to the value of the personal contribution required. In the case of direct letting no personal contribution is demanded; but, under the co-operatives 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 Switzerland, building co-operatives must put up capital to the amount of some 6 - 10% of the investment, this capital being then divided into co-operative shares, to be taken up by prospective tenants. Tenant-shareholders are fewest in Zurich, since that city grants second mortgages up to 94% of building costs.

Members of Danish co-operatives provide up to 6% of the total cost of their dwellings.

In Sweden, the contribution amounts to 5% of building costs, mortgage loans covering the remaining 95%. Total mortgages on blocks of flats built for direct letting at the request of municipalities amount to 100%, so that there is no member's contribution.

Members of Belgian co-operatives must subscribe about 5% of the average cost of their dwelling (or some 15,000 Belgian francs for the ordinary type). However, they pay up the shares subscribed for only to a maximum of 6,000 Belgian francs (the balance being paid off at the rate of 60 Belgian francs per month added to the rent).

In the United States, the "mutual" co-operatives demand no initial contribution of their members.

(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 "Caster" 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 Building 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 Haka 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 10 years.

In Italy, a member of a co-operative may not sell his dwelling within less than 10 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, the members of owners' co-operatives using State-owned land must obtain the consent of the appropriate local authority for any 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 the latter 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 on 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 bequeathed 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 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% 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 a Savings Bank in 1933, which uses the local societies as branches and which held at the end of 1953 deposits amounting to 35 million crowns. It is noteworthy that this Savings Bank pays depositors interest at the rate of 4.5 or 4.75% 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 HIM co-operatives are "savings, provident and cheap 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. Savings books are opened by the Savings Banks and other approved institutions. Interest is at the rate of 1%. When depositors need to withdraw their cash to start building, the amounts saved are returned to them plus the accrued interest and, possibly, 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 allied 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 Haka Building Societies.

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 banks, 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 249,000 million lire or 6.5% of all savings.

In Turkey, persons who deposit with the Real Estate Bank an amount equivalent to 25% of the building costs can obtain loans up to 30,000 Turkish pounds for a period of twenty years at 5%.

D. Use of savings by members of co-operations

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 have realised that they can 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 is

begun. They represent the personal contributions required from the members of the co-operatives (see IA 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 a long-term redeemable loans carrying interest from the co-operative, so that members find this supplementary contribution a remunerative form of investment.

APPENDIX I

PURPOSE OF HOUSING CO-OPERATIVES

The purpose of housing co-operatives is to work in the general interest of wide sectors of the public and to provide their members with sound, hygienic accommodation at prices within their means.

To this end they may carry out the following operations:

- 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, 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.

SIZE 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 some 300 Cheap Housing and Smallholding Societies, some 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 sponsor and supervise the building of a considerable number of dwellings. Of 30 Haka Societies, 8 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. In no case do they have 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, established by the General Federation of Labour, 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 30-40,000 dwellings, i.e. less than 3% of the total built.

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 societies whose members do not occupy the dwellings built and which are of a semi-public character.

They may assume any one of three legal forms: ordinary associations (73%), foundations (23%) and co-operatives (4%). 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% of the flats in Oslo. (It has built 16,600 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 - 30,000 of whom occupy co-operative dwellings. To these should be added those known as "closed" societies.

Poland

There are at present 320 housing co-operatives in Poland, with 33,000 members. Of these, 30 invest in building, while the remainder manage buildings already constructed, the latter comprising 58,000 rooms.

Sweden

The SKB (Stockholm Housing Co-operative) was managing about 2,500 flats in 1945, its members being direct tenants with 25-year leases.

The HSB Society (National Organization of Tenants' Savings and Building Societies), founded in 1924, has 164 "parent" societies. During the first 30 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), which is organized on the same lines as the HSB. 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, these societies were responsible for more than 40% - in some cases up to 70% - of all building. But their importance has somewhat declined in recent years.

Turkey

In 1956, there were 64 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 "building societies" which are very much like co-operatives. They form a national federation with 607 members (24 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 as "co-operative" societies they differ in practice from what is generally understood by the term. 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% of new buildings each year). Steps to encourage the expansion of co-operatives are at present under consideration.

APPENDIX II

TABLE SHOWING 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 - 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 100 - 500 florins	In many cases, none. In some cases, deposit of 100 - 500 florins
Norway		Estimated at 15%
Poland	Approximately 50% in practice (in theory 15 - 30%)	Approximately 50% in practice (in theory 10%)
Sweden	-	5% in co-operative letting. None in direct letting
Switzerland	-	6 - 10%
Turkey	10%	-
United Kingdom	10%	10%
United States of America	5 - 20% or lump sum according to type of co-operative	No contribution in Mutual Savings Societies
Yugoslavia	Contribution in labour	-

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HOUSING COMMITTEE

Fifteenth session

(Item 2 of the provisional agenda)

FINANCING OF HOUSING IN EUROPE

CHAPTER III: Sources of capital for Housing and the
Financial Institutions Concerned

Corrigendum

1. In table 2, page 21, some of the figures in respect of the fifth five-year period are incorrect. The following shows the correct figures (with the existing figures in brackets):-

Fifth five-year period

1951-1955	151.7	112.9	346.3
(1950-1955)	(144.2)	(105.4)	(323.3)
Total	427.2	323.3	
	(419.7)	(330.8)	

2. On page 22, 6th line, change 3.2 to 3.5.

CHAPTER II: Investment in Housing

Corrigendum

EASTERN EUROPE

Since the report was prepared, other figures, which are given below, have been made available. The old tables should be replaced by those appearing below.

The figures relating to Eastern Germany have been inserted in the tables.

Consequently the note saying that owing to lack of information it has not been possible to deal with Eastern Germany should be deleted.

Table 2

More up-to-date figures for all countries, which might have formed the basis for an exchange of information, are not available. It may nevertheless be useful to include in the text the following figures showing the percentage of gross fixed investment represented by investment in industry and housing respectively, and to analyse the trend indicated by those figures.

<u>1956</u>	Industry	Housing
Czechoslovakia	38.4	20.3
Poland	46.1	13.8 ⁽¹⁾
Hungary	46.6	11.8 ⁽¹⁾

Table 4

Country	Rural building	Private building	
		without State assistance	with State assistance
Romania	63	72	8
Hungary	53	48	9
Yugoslavia	44	47	20
Bulgaria	42	44	20
USSR	40		55
Poland	34	29	2

(1) Not including private funds.

Table 5

Country	Urban building	Building	
		by the State	with State assistance
Poland	66	69	2
USSR	60	45	
Bulgaria	58	36	20
Yugoslavia	56	33	20
Hungary	47	43	9
Romania	37	20	8

Table 7

Total Housing Built in 1955, Sources of Finance, Distribution Between Town and Country

Country	Period	Total housing built		Built			Urban	Rural
				by the State	by private means			
		Thousands of dwellings	1,000 m ²		with State assistance	without State assistance		
				as percentage of total volume				
Bulgaria	1955	.	1757.5 ^(a)	36	20	44	58	42
Czechoslovakia	1955	50.6	.	70	30		.	.
Yugoslavia	1955	29.7	.	33	20	47	56	44
Poland	1955	94.0	.	69	2	29	66	34
Romania	1955	55.9	1676 (b)	20	8	72	37	63
Hungary	1955	31.5	.	43	9	48	47	53
USSR	1955	1512.0	.	45	55		60	40 ^(c)
Eastern Germany	1956	30.4	.	57	25	18	.	.

Source: Quarterly Bulletin of Housing and Building Statistics for Europe, ECE, Geneva and information furnished direct by governments.

- (a) Floor space on all storeys.
- (b) Living space, i.e. that of the principal rooms, not including kitchen.
- (c) Excluding rural building by the State, which has been included in the "urban" column.

Table 8

Planned Increase in House-building up to 1960

Country	Unit	Housing		
		Built 1951 to 1955	Planned 1956 to 1960	Percentage increase
Eastern Germany	1,000 dwellings	64.9 ^(a)	.	.
Bulgaria	1,000 m ²	5184.5	.	.
Czechoslovakia	1,000 dwellings	198.0	365	84
Yugoslavia	1,000 dwellings	163.6	350	114
Poland	1,000 rooms	694.5 ^(b)	1200 ^(b)	73
Romania	1,000 m ² of living space	1511 ^(c)	2500 ^(c)	66
Hungary	1,000 dwellings	109.9	200 ^(d)	82 ^(d)
USSR	1 million m ² of useful floor space	151.7 ^(d)	328 ^(d)	116

(a) 1954-1955
(b) Urban building only
(c) State building only
(d) State building and private urban building

Table 9

Country	Year	Housing investment as percentage of			Period 1956 to 1960	Housing investment as percentage of		
		National income	Total invest- ment	Invest- ment in constru- ction		National income	Total invest- ment	Invest- ment in constru- ction
Bulgaria	1955	3.0	14.4	27.4				
Czechoslovakia	1955	.	18.3	.				
Yugoslavia	1955	4.4	13.8	25.6		7	20-25	40
Poland	1955	2.4	13.1	.				
Romania	1955	.	6.1	.				
Hungary	1955	2.0 ^(a)	10.3	20.0				
USSR	.	.	.	.

(a) 1954

Table 10

Housing Requirements and Housing Investment in Selected Eastern European Countries

Country	Housing conditions		Natural growth per thousand	Marriage rate per thousand	Rural population as percentage of total population	Building		Housing investment as percentage of:			
	Persons per room	m ² of space per person				Dwellings built per thousand inhabitants	Increase in volume of house-building planned for 1956-60 as percentage of 1950-55 figure	National income	Total investment	Investment in building	
											1953 to 1955
Eastern Germany	.	.	4.4	8.7	.	.	1.8	.	.	.	
Bulgaria	.	6.5 ^(b)	11.0	10.9 ^(c)	66.5	.	.	.	3.0	14.4	27.4
Czechoslovakia	1.5	11.7 ^(b)	10.7	7.9	46.7 ^(d)	3.1	3.9	84	.	18.3	.
Yugoslavia	2.3	.	15.3	9.2	75	1.9	1.7	114	4.4	13.8	25.6
Poland	2.0	.	19.4	9.5	57.0	2.9	3.4	73	2.4	13.1	.
Romania	.	.	.	.	76.6 ^(e)	3.0	3.1	66	.	6.1	.
Hungary	1.5	.	11.5	10.5	59.7	2.3	3.2	82	2.0 ^(f)	10.3	20.0
USSR	.	7.4 ^(g)	17.4	.	.	6.7	7.5	116	.	.	.

Sources: The European Housing Situation, Geneva 1956; Quarterly Bulletin of Housing and Building Statistics; statistical yearbooks and monographs.

(a) For notes, see table 7

(b) m² of living space

(c) 1950

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

(e) 1953

(f) 1954

(g) m² of useful floor space (urban areas)

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FINANCING OF HOUSING IN EUROPE

CHAPTER IV: Public Financial Aid

Corrigendum

1. Table 1, page 4:

Replace the figures in the table by the following figures (figures between brackets are those in the table):

Finland:	33.2	7.8	13.0	39
	(33.2)	(7.8)	(11.0)	(33)
Total:	3590.7	-	2017.0	56
	(3590.7)	-	(2015.0)	(56)

2. Table 3, page 16:

Replace the figures in the table by the following figures (figures between brackets are those in the table):

Finland: 1956	7.6	58	24	5.4	42	17	13	31.9
(1955)	(10.3)	(-)	(61)	(6.6)	(-)	(39)	(-)	(16.9)
Total:	606.8	68	42	371.7	42	26	894.8	1456.0
	(609.5)	(69)	(42)	(372.9)	(42)	(26)	(881.8)	(1441.0)

AMENDMENTS PROPOSED BY THE BELGIAN DELEGATION

Page 20:

In lines 20 and 21 delete "in Belgium, for what period it is not clear", and insert in line 22 the following:

"In Belgium, any person who has not received the State grant for the purchase or construction of social housing is allowed remission of the property tax for ten years on any new building undertaken, provided that such building does not exceed certain standards."

Page 23:

Replace the sentence referring to Belgium (lines 12 and 13) by the following:

"In Belgium, profits used either for constructing social housing or for granting additional loans to staff members who have obtained principal loan for the construction or purchase of a social dwelling are taxable up to only half their amount for the purposes of the business tax."

Pages 34 and 35:

Replace the sentence referring to Belgium (last line of page 34, lines 1 and 2 of page 35) by the following:

"In Belgium, the National Housing Society (formerly the National Low-cost Housing Society) finances up to 100 per cent the building programmes of its approved societies."

Page 44:

In line 3, delete "Belgium" and insert the following sentence:

"In Belgium, the financing of social housing built by private individuals is undertaken by semi-public bodies which, enjoying the State guarantee of due completion, lend up to 90 per cent of the value of the property, less any grants made to the private individuals concerned by public authorities."

Page 45:

Replace the sentence referring to Belgium (lines 19 to 22) by the following:

"In some cases, for example in Belgium, the loan granted by semi-public bodies to persons building privately bears a rate of interest varying with the applicant's particular social or family needs, but always well below the market rate, while the amortization period is comparatively short, being usually 20 years. In these circumstances,"

Page 47:

In line 15 delete "Belgium" and insert the following sentence:

"In Belgium, these grants are linked with the loans of the semi-public bodies."

Page 50:

In the last line, between "security" and "Public ..." insert the following:

"The same applies in Belgium where, however, 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."

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FINANCING OF HOUSING IN EUROPE

CHAPTER IV: Public Financial Aid

Corrigendum

1. The following description of the mortgage insurance conducted by the Federal Housing Administration of the United States of America should be substituted for that on page 26:

"Under the principal FHA program of the present law, loans that are secured by insured first mortgages on one-family dwellings occupied by owners may not, under the statute, exceed 97 per cent of the first \$10,000 of appraised value; 85 per cent of such value in excess of \$10,000 but not in excess of \$16,000 and 70 per cent of such value in excess of \$16,000. The FHA Commissioner may not initiate such low down-payments without first determining that they are in the public interest. He may require higher payments in keeping with the previous law in which a mortgage could not exceed 95 per cent of the first \$9,000 of value, nor 75 per cent of values above that amount. The top limit in either case is \$20,000 for any one mortgage. By law, the terms of such mortgages may not exceed 30 years. The interest rate may not exceed 5 per cent per annum plus 0.5 per cent mortgage insurance premium except that interest may be as much as 6 per cent if the FHA Commissioner finds such necessary to meet the mortgage market. As of November 1957 the rate is 5.25 per cent. Service charges on initiating the loan, if any, are added. Somewhat different terms apply to other programs such as those for 'disaster housing' housing in 'outlying areas' or on farms, housing for families displaced by slum clearance, housing for 'servicemen' housing for elderly persons, etc."

2. Page 27, 2nd paragraph, 1st sentence, omit the words "on the United States model".

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FINANCING OF HOUSING IN EUROPE

CHAPTER II : Investment in Housing

Corrigendum

The following should be substituted for the last paragraph on page 4:

"Investment in housing in western Europe increased continuously throughout the post-war period, and calculated on the basis of current prices and the current exchange rates it was about U.S.\$5 billion in 1949 and about 10.5 billion in 1955. The increase in volume of construction was slightly lower, but even on this basis house-building had virtually doubled from 1949 to 1955. The sharpest increases in volume were found from 1949 to 1950 and from 1952 to 1953. For later years than 1955 figures are not available, but it appears that since 1954 the rate of increase has slowed down. House-building has increased even as a percentage of gross national product and of gross fixed investment. In percentage of gross fixed investment, house-building in 1949 was about 19 per cent and in 1954 and 1955 about 25 per cent. Since then the percentage is likely to have fallen slightly. As a percentage of gross national product house-building was in 1949 3 per cent and in 1954 and 1955 about 4.5 per cent. Comparing these figures with the calculations made above, it will be found that while housing investments for western Europe as a whole in 1949 were probably insufficient to cover current needs, they had in 1955 considerably surpassed the level necessary for this purpose, so that the housing situation was gradually being improved. Even that year housing investments were, however, well below the level that would be necessary to increase the real value of the housing stock proportionately with the general increase of consumption. The gap between the general consumption situation compared with pre-war and the housing situation was accordingly increasing instead of being reduced."

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy verification of the data.

In the second section, the author outlines the various methods used to collect and analyze the data. This includes both manual and automated processes. The goal is to ensure that the data is as accurate and reliable as possible.

The third section provides a detailed breakdown of the results. It shows that there is a significant correlation between the variables being studied. This finding is supported by statistical analysis and is consistent with previous research in the field.

Finally, the document concludes with a series of recommendations for future research. It suggests that further studies should be conducted to explore the underlying causes of the observed trends. This will help to develop more effective strategies for addressing the issues at hand.

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HOUSING COMMITTEE

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ENQUIRY INTO RURAL HOUSING

Note by the Secretariat

The Housing Committee at its fourteenth session, in May 1957, after considering a preliminary paper by the Secretariat on rural housing, decided that the subject

"..... should now be explored more fully with the help of rapporteurs (Mr. Björk (Sweden) and Mr. Florescu (Romania)), and on the basis of information obtained from governments in response to an enquiry which would be drawn up. A report would be prepared for discussion at the Committee's session in the spring of 1958 and then included in final form in the Housing Survey 1957." (E/ECE/HOU/57, paragraph 5(b)).

The rapporteurs and the Secretariat met in the course of the session and agreed on a plan and time-table for initiating the work. Subsequently Mr. Björk prepared the main lines of an enquiry which are set out in the Annex. The rapporteurs and the Secretariat plan to meet immediately before the fifteenth session, as a consequence of which some amendments to the outline may be tabled. It is proposed that at its fifteenth session the Committee examine this outline, following which the rapporteurs will prepare a definitive text of the enquiry, to be circulated by the Secretariat to governments.

ANNEXDRAFT ENQUIRY ON RURAL HOUSINGCharacter of rural regions

1. There does not seem to exist a uniform definition of a "rural area" and it appears somewhat difficult to define this concept in precise terms; such factors as the type of economic activity and the general social pattern are frequently taken into account. For this reason a more pragmatic definition is generally adopted, relating to the number of inhabitants of rural agglomerations. It is evident, however, that such a definition is only tentative and that the relation between the number of inhabitants and the rural character of the community is very different in the case of highly industrialized countries and one where agriculture is predominant. It would seem useful to describe and in particular note the differences in the concept of a "rural area" used in the various countries.

2. It is proposed to describe briefly the principal features of rural areas within the framework of their economic and social setting, noting in particular the relative role of principal economic activities carried out (i.e. agriculture, forestry, handicraft, industry) and indicating the economic and social status of the rural as compared with the urban population.

3. There will be a brief discussion of demographic factors, comparing the present distribution of the population between urban and rural areas and the population trends and developments in rural and urban areas during, say, the last twenty years⁽¹⁾. Some indication will be given of the present distribution of the rural population in, for example, small or large villages, housing estates, isolated farm dwellings.

The rural housing situation

4. This will consist of an analysis of the present rural housing situation, comparing in particular with conditions in urban areas with respect to the following: density of occupation and degree of overcrowding (number of dwellings per thousand inhabitants, size of dwelling units and number of inhabitants per room); age, type of structure and amenity standards (running water, gas, electricity, bath, W.C., etc.)⁽¹⁾.

⁽¹⁾ Appropriate blank tables will be drawn up as necessary for the definitive version of the enquiry.

5. It is proposed to discuss progress made in improving the rural housing situation since the war through new construction, reconstruction, repairs, additional amenities and community facilities.

Rural housing problems

6. This will consist of an analysis of the scope and nature of the rural housing problem, especially in terms of requirements of new housing and of repairs and improvements to the existing rural housing stock. The consequences of migration from the countryside to towns will be noted in this respect (vacant dwellings, deterrent to house-building, to the improvement of existing rural housing stock and to the provision of amenities and social facilities).

7. Specific rural housing and building problems will be raised and discussed, especially in relation to the following: location of new housing (assuring access to social and cultural facilities); design and standard of dwellings (taking into account rural living habits, especially needs of farmers); construction techniques and building costs; improvement techniques and costs (especially the supply of running water and sewage); particular questions of financing of rural housing activity (adequate financial resources and institutions, earning capacity of the rural population, etc.).

Government policies in relation to rural housing

8. This will consist of a discussion of the principal features which characterize government policies in relation to rural housing, noting legislative provisions where they exist, and public or semi-public organizations concerned with rural housing activities; specific measures taken or envisaged designed directly or indirectly to stimulate an improvement in the rural housing situation or in particular categories of rural housing (e.g. financial aid, provision of technical information, aided self-help schemes), and including such measures designed to improve rural life as will compete with conditions offered by urban life, will be described and analysed.

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HOUSING COMMITTEE WORK PROGRAMME

Note by the Secretariat

At its fifteenth 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 in the Annex. Amendments will be drafted in the light of the discussions and decisions of the fifteenth session for adoption during the session. The revised and completed document will then be submitted to the thirteenth session of the Economic Commission for Europe.

In connexion with the Committee's consideration of its programme of work for the coming year, attention is drawn to resolution 664 (XXIV) and its Annex concerning the concentration of activities of the United Nations and the specialized agencies in the economic, social and human rights fields, adopted by the Economic and Social Council on 1 August 1957. In paragraph 1(c) of the Introduction to the Annex, the Council reaffirms a set of general principles as guides to future work in the field of co-ordination, and in paragraph 3 it addresses specific requests to the regional commissions. Paragraph 6 of Section I of the Annex - Social Activities - deals with the desirability of encouraging exchanges of information on housing research, building techniques and related matters between the various regional economic commissions. Section IV of the Annex deals specifically with regional economic activities. The full text of the resolution may be consulted in document E/3048 (Resolutions of the twenty-fourth session of the Economic and Social Council).

The Committee's attention is further drawn in particular to the following points:

- (i). As in the past, projects that are closely related have been combined under a single appropriate heading. Thus, for example, the various specialized enquiries on the make-up of housing costs, methods of contracting in house-building, and government policy and the cost of building have been combined under the heading "Industrialization of House-building", 06.1.3;

- (ii) Work on the financing of house-building programmes is expected to be virtually completed by the end of the current year and the project is therefore not listed in the programme of work;
- (iii) Enquiries are in hand on rural housing and methods of formulating house-building programmes currently in use. The Committee agreed that the reports on these two subjects should be presented in Part II of the 1957 Survey and the projects are accordingly included under 06.1.1.

The Secretariat has set out below some further comments with regard to some of the projects listed in the appended draft programme of work, on which additional explanation may be useful to the Committee.

- | | |
|--|--|
| 06.1.1 - Survey of Housing Progress and Policies | With regard to Part I of the Survey, see HOU/Working Paper No. 70. As to Part II of the Survey, the work on rural housing has been entrusted to rapporteurs, Mr. Björk (Sweden) and Mr. Florescu (Romania), see HOU/Working Paper No. 69; the work on formulation of house-building programmes is in the hands of rapporteurs, Mr. Björk (Sweden) and Mr. Andrzejewski (Poland), who are expected to make a progress report. |
| 06.1.3 - Industrialization of House-building | This will be the main subject of discussion at the Committee's sessions in June and December 1958. A progress report will be made by the Secretariat under item 5(i) of the provisional agenda of the fifteenth session. |
| 06.1.4 - Collection and Publication of Housing and Building Statistics | The report of the Working Party, which will meet immediately before the fifteenth session of the Committee, will be tabled. Sufficient progress has now been made for one meeting each year to be envisaged in the near future. |
| 06.2.1 - Problems of Existing Housing Stock | The work is in hand by the rapporteurs, Mr. Vanderveken (Belgium) and Mr. Macovei (Romania). |
| 06.2.2 - Utilization of Space in Current Types of Dwellings | An enquiry has been circulated and the work is in the hands of the rapporteurs, Mr. Blackshaw (United Kingdom), Mr. Blokhine (USSR) and Mr. Lebegge (Belgium), in consultation with the International Union of Architects (UIA). |
| 06.2.3 - Standardization and Modular Co-ordination | See HOU/Working Paper 68. |

ANNEX

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 1957. The following problems of a more long-term character were provisionally selected for fuller analysis, with the aid of rapporteurs, in Part II of the Survey: (a) rural housing, especially an analysis of the present rural housing situation and government policies in relation to rural housing; (b) methods of formulating house-building programmes currently in use.

06.1.2 - Housing Problems of Less Industrialized Countries

The object of the project is to assist governments of the less industrialized countries to develop and expedite their housing programmes and there is an ad hoc working party to deal with these problems. In the present plan of this work, questions of practical collaboration between the southern European countries are being examined between experts 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 governments' technical policies, with particular reference to the industrialization of house-building and the reduction of the cost of house construction. The report will discuss the nature and make-up of housing costs in the different countries; analyse the organization of demand, including such questions as the scale and continuity of demand, contract practices in the building industry, and the standardization of

house plans, materials and components; and examine the structure of the industry and the organization of production, including such questions as prefabrication, mechanization and research and the application of research in practice.

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) continues to seek agreement on standard definitions of housing concepts and terms with a view to improving the degree of precision and international comparability of European housing and building statistics;
- (iii) exchanges information on national studies and statistical methods relating to housing and building. 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 Existing Housing Stock

An enquiry is being carried out by governmental rapporteurs on the policies pursued and methods of preparation with regard to programmes for the clearance of dwellings unfit for human habitation, and re-housing programmes, including the identification of sub-standard dwellings and the improvement of existing dwellings. The purpose of the project is to exchange experience on the organization and execution of such programmes and to draw conclusions where possible.

06.2.2 - Utilization of Space in Current Types of Dwellings

The report will present plans of typical dwellings in selected categories recently built in urban and rural areas, together with particulars on standards prescribed for low-cost housing and current regulations or codes governing ceiling heights and certain facilities and equipment; each type plan presented will be described and information will also be given on the equipment normally provided and if possible on the mode of living for which the dwelling was designed. The purpose of the enquiry, which is being carried out by governmental rapporteurs, is to exchange information and experience on the utilization of space in current types of dwellings.

06.2.3 - Standardization and Modular Co-ordination

The Committee decided that in view of the importance of inter-governmental co-operation on standardization and modular co-ordination, both from the point of view of reducing building costs and of developing trade in building materials and components, an ad hoc meeting under the auspices of the Housing Committee should be held as soon as possible 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.

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HOU/Working Paper No. 72
30 October 1957

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

(Item 7 of the provisional agenda
of the fifteenth session)

DRAFT ANNUAL REPORT OF THE HOUSING COMMITTEE
TO THE ECONOMIC COMMISSION FOR EUROPE

The Secretariat has prepared, so far as practicable, a draft of the annual report on the work of the Housing Committee, to be submitted in the usual way to the Economic Commission for Europe at its thirteenth session. Following the procedure adopted in the past, it is suggested that after consideration by the Committee the report should be approved in final form by the Chairman and the Vice-Chairman.

REPORT OF THE HOUSING COMMITTEE TO THE ECONOMIC COMMISSION FOR EUROPE⁽¹⁾

I. INTRODUCTION

Status of the Report

1. The present report on the activities of the Housing Committee and of its subsidiary bodies covers the period from 16 May to 31 December 1957. The report was examined in draft by the Committee at its fifteenth session. The final text was approved by the Chairman and Vice-Chairman of the Committee on its behalf.

II. ACTIVITIES

A. Relating Essentially to the Economic Aspects of Housing Policy

2. The Committee at its spring session had its annual discussion of European housing progress and policies, based on the Secretariat's provisional version of the annual Survey of the Housing situation in Europe in the preceding year. The Committee reviewed the main developments, especially: the level and rate of house-building, its relation to housing requirements, and prospects and perspectives for the future; the movement of rents, building prices and costs; manpower changes; and recent changes in housing policy affecting in particular financing, rents, technical questions, town and country planning, administrative and organizational changes, and the scope and direction of housing programmes and policies. The Committee also considered certain long-term problems relating to the formulation of house-building programmes, especially concepts and methodology used in different countries, and housing management, including the organization and techniques of maintenance. The provisional report was subsequently reviewed and completed by the Secretariat in the light of the Committee's discussion and issued for general distribution (European Housing Trends and Policies in 1956, E/ECE/292, July 1957).

3. The scope and methods of work for preparing the next and future annual Surveys were considered by the Committee to be completed in the light of the review of the provisional outline, HOU/Working Paper No. 70⁷. The Committee, during its autumn session, had a first exchange of views on the main developments in the field of housing in the current year.

(1) Subject to amplification or amendment in the light of discussion to be held and decisions to be taken at the fifteenth session of the Committee.

4. Arising out of a discussion of certain problems raised in the Housing Survey, the Committee decided to undertake, with the aid of rapporteurs, more detailed enquiries on certain questions treated on a longer-term basis, namely on rural housing and on methods of formulating house-building programmes currently in use to be completed as necessary after review of the draft outline of the enquiry into rural housing, HOU/Working Paper No. 69.
5. The Committee examined comprehensively problems of housing finance on the basis of two successive provisional versions of a detailed report on the subject prepared by the rapporteurs and the Secretariat. The main purpose of this work was to set the different elements of financial policy in relation to housing within a single framework and to draw, wherever appropriate, conclusions and recommendations. The debate concentrated in turn on the following main subjects: economic and financial problems of housing, investment in housing, sources of capital for housing and the financial institutions concerned, and public financial aid to be completed in the light of the discussion of HOU/Working Paper No. 66 and addenda.
- B. Relating to the Technical Aspects of Housing Policy with Particular Reference to Reducing the Cost of House Construction
6. Work by the Secretariat and rapporteurs continued on the preparation of a comprehensive report on government technical policies with particular reference to reducing the cost of house-construction. The purpose of this project was to present a systematic and comparative analysis of measures taken by governments to reduce or limit increases in the cost of house-building and to arrive at conclusions and recommendations. A first provisional version of the report will form the principal item of discussion at the Committee's sixteenth session in June 1958.
7. Rapporteurs appointed by the Committee undertook a comprehensive enquiry on the utilization of space in current types of dwellings. The report will present plans of typical dwellings in selected categories recently built in urban and rural areas, together with particulars on standards prescribed for low-cost housing and current regulations or codes governing ceiling heights and certain facilities and equipment; each type plan presented will be described and information also given on the equipment normally provided and if possible the mode of living for which the dwelling was designed.
8. In view of the importance of inter-governmental co-operation on standardization and modular co-ordination, both from the point of view of reducing building costs

and of developing trade in building materials and components, the Committee decided to hold an ad hoc meeting in 1958 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 to be amended and completed in the light of decisions to be taken on HOU/Working Paper 68.

C. Housing Problems of Less Industrialized Countries

9. The Committee's activities relating to the housing problems of less industrialized countries reached a stage where work was undertaken by rapporteurs appointed by an ad hoc Working Party concerned with this subject. Two questions of practical co-operation between the southern European countries were considered : one concerned the prospects 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.

D. Housing and Building Statistics

10. In 1957 the Quarterly Bulletin of Housing and Building Statistics for Europe was in its fifth year of publication. As a result of progress made in arriving at standard definitions of concepts and terms and in improving the supply of statistical information, the Quarterly Bulletin was issued for the first time on a subject rather than a country basis (Vol. V, No. 2). Bibliographies on studies and on statistical methods relating to housing and building continued to be published from time to time in 1957 as a supplement to the Quarterly Bulletin. Final arrangements were made for the first issue of an annual bulletin of housing and building statistics for Europe.

11. The Working Party on Housing and Building Statistics agreed on standard definitions of an additional number of concepts and terms and continued work on others with a view to improving the accuracy and comparability of European housing and building statistics. The Committee's activities in this field are co-ordinated with that of the Conference of European Statisticians and of the United Nations Statistical Commission.

E. Inter-regional Co-operation

12. As in the past, close touch has been maintained with the work of the regional Economic Commissions and of other United Nations organs and Specialized Agencies, and the attention of the Housing Committee was drawn to relevant activities undertaken by these bodies. Reports on Committee activities on a number of economic and technical questions in the field of housing and building were made to the ECAFE Working Party on Housing and Building Materials.

F. Decisions of the Twelfth Session of the Economic Commission for Europe

13. The Committee took note of a paper by the Secretariat summarizing the discussion and the decisions taken at the twelfth session of the ECE as they affected the work of the Committee (HOU/Working Paper No. 64). The implications of the Commission's relevant decisions were given effect to in the work programme.

G. Technical Co-operation

14. The Committee discussed ways and means of promoting and facilitating technical co-operation between countries of eastern and western Europe in the light of the Commission's resolution on this question (resolution 3(XII)) to be amplified and completed in the light of discussion of HOU/Working Paper No. 67 and of items of the agenda 3(ii) and (iii).

H. Programme of Work

15. The Committee's attention was drawn to resolution 664(XXIV) (and its annex) of the Economic and Social Council concerning the concentration of activities in the economic, social and human rights fields. The Committee approved its programme of work for the coming year, for presentation to the thirteenth session of the Commission to be amplified as necessary in the light of discussion and decisions on HOU/Working Paper No. 71.

III. ORGANIZATIONAL STRUCTURE

16. The following served as officers of the Committee and of its subsidiary bodies:

Housing Committee:	Chairman	: Mr. BONNOME (France)
	Vice-Chairman	: Mr. CERVENKA (Czechoslovakia)
Working Party on Housing and Building Statistics:	Chairman	: Mr. ANONSEN (Norway)
	Vice-Chairman	: Mr. MACOVEI (Romania)
Ad hoc Working Party on Problems of Housing Development in Less Industrialized Countries:	Chairman	: Mr. PAQUAY (Belgium)
	Vice-Chairman	: Mr. MAKSIMOVIC (Yugoslavia)

IV. MEETINGS HELD

Housing Committee:	fourteenth session	29 to 31 May 1957
	fifteenth session	20 to 22 November 1957
Working Party on Housing and Building Statistics:	eighth session	27 to 29 May 1957
	ninth session	18 and 19 November 1957

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HCU/Working Paper No. 73/Add.1 ✓
28 October 1957

Original: FRENCH/ENGLISH

ECONOMIC COMMISSION FOR EUROPE
HOUSING COMMITTEE

STUDY TRIP TO FRANCE

Note by the Secretariat

Addendum

The following additional information has been received from the French authorities:

- MEETING PLACE : The motor coach (or coaches, if needed) will be waiting for the participants at the PALAIS DES NATIONS, the seat of ECE, and will be leaving from there at 2 p.m.
- ADDRESS OF THE PARTY IN GRENOBLE : The party's address during its stay at GRENOBLE will be : HOTEL DES 3 DAUPHINS, 2 rue Félix Poulat.
Telephone : GRENOBLE 44-02 - 71/72 and 73.
- PAYMENT OF SHARE OF COSTS : Payment should be made by 15 November to the correspondent of the Agency responsible for arranging travel and accommodation :
Mr. E. UNTERNEHRER - WATA-FERT & Cie -
1, rue du Mont-Blanc, GENEVA
(Telephone : GENEVA 32-70-10).
For the above purpose, one Swiss franc will be taken as equivalent to 100 French francs.
- REGISTRATION : Those wishing to participate are requested to register immediately, as the final list has to be drawn up in Paris very early in November.

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HOU/WP.3/Working Paper No. 22
7 November 1957

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE
HOUSING COMMITTEE

PROPOSED TIME-TABLE OF FORTHCOMING HOUSING MEETINGS

Following its usual practice, the Secretariat proposes, below, a time-table of the forthcoming meetings of the Housing Committee, the Working Party on Housing and Building Statistics, and rapporteurs. Whilst it is natural for the Committee and the Statistical Working Party to agree on their time-table, the Secretariat has suggested an order in which items on the agendas might be taken up. This suggestion takes into account, on the one hand, the wishes of several delegates, in particular those of the President of the CIB who, though unable to remain for the entire session, has been invited by the Committee to make a report under item 3 (ii), and, on the other, the availability of documentation.

So far as rapporteurs are concerned, only two meetings have been definitely scheduled, since each will require approximately a full day with interpretation services, but other shorter discussions will take place as necessary and as time permits.

<u>Monday, 18 November:</u>	10 a.m.	- Rapporteurs on financing of housing /Mr. Datzkov (Bulgaria), Mr. Salain (France), Mr. di Lorenzo (Italy), Mr. Seip (Norway), Mr. Andrzejewski (Poland), Mr. Burroughs (United States of America) and Mr. Robert (International Co-operative Alliance)/
	10.30 a.m.	- Working Party on Housing and Building Statistics - Item 1: Adoption of agenda - Item 2: Activity of the Conference of European Statisticians - Item 4: Statistics on the value of con- struction, building cost and building activity
	3 p.m.	- Rapporteurs on financing of housing (continued)
	3 p.m.	- Working Party on Housing and Building Statistics - Item 4: (continued) - Item 5: Concepts and definitions of housing and building statistics

- Tuesday, 19 November:
- 9.30 a.m. - Working Party on Housing and Building Statistics
 - Item 3: Statistical bulletins on housing and building
 - 10 a.m. - Rapporteurs on utilization of space in dwellings
/Mr. Blackshaw (United Kingdom), Mr. Blokhine (USSR), and Mr. Lebegge (Belgium) and a representative of the United States of America/
 - 3 p.m. - Working Party on Housing and Building Statistics
 - Item 3: (continued)
 - Item 6: Any other business
 - 3 p.m. - Rapporteurs on utilization of space in dwellings (continued)
- Wednesday, 20 November:
- 10 a.m. - Housing Committee
 - Item 1: Adoption of agenda
 - Item 3: Technical co-operation:
 - (i) : tentative long-term programme of group visits
 - (ii) : work of the CIB
 - (iii) : co-operation with other international organizations
 - 2 p.m. - The Working Party on Housing and Building Statistics should be convened for one hour to adopt its report
 - 3 p.m. - Housing Committee
 - Item 2: Financing of housing
- Thursday, 21 November:
- 10 a.m. - Housing Committee
 - Item 2: (continued)
 - 3 p.m. - Housing Committee
 - Item 2: (continued)
 - Item 5: Programme of future work:
 - (i) : preparation of report on government policy and the cost of building
 - (ii) : arrangements for an ad hoc meeting on standardization and modular co-ordination
 - (iii) : enquiry into rural housing
- Friday, 22 November:
- 10 a.m. - Housing Committee
 - Item 5(iv): Preparation of the 1957 Housing Survey
 - Item 5(v) : Progress of remaining work in hand and adoption of programme of future work

Friday, 22 November:
(continued)

3 p.m.

- Housing Committee
- Item 4: Report of Working Party on
Housing and Building Statistics
 - Item 6: Schedule of meetings in 1958
 - Item 7: Annual report of the Housing
Committee to the Economic Commission
for Europe
 - Item 8: Any other business
 - Item 9: Adoption of report of session

* * *

Meetings of the Committee and the Working Party on Housing and Building Statistics will be held in Salle III; the meetings of rapporteurs as scheduled will be held in Room D. 118.

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HOU/Working Paper No 75
20 November 1957

English only.

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ECONOMIC COMMISSION FOR EUROPE

HOUSING COMMITTEE

List No 4 of Working Papers in the HOU Series and
HOU Sub-series issued from 30 May up to 20 November 1957.

Document Number	Language	Short title of documents
<u>I. Plenary Series.</u>		
Symbol: HOU/ Working Paper No 61, Add.2	E. o)	Financing of Housing in Europe: Addendum to Text: Financial Aspects of Co-operative Housing: Preliminary Draft Report by International Co-operative Alliance.
No 61, Add.4	F. R. oo)	Further Addendum to Text: Housing Subsidies: Note by Secretariat.
No 61, Add.5	R. ooo)	Further Addendum to Text: Position of Housing in Over-all Financial Framework: Western Europe.
No 61, Add.6	R. ooo)	Further Addendum to Text: Private Financial Institutions in Housing;
No 61, Add.7	R. ooo)	Further Addendum to Text: Current Sources of Capital.
No 61, Add.8	E. F. oooo)	Further Addendum to Text: Current Sources of Capital: Eastern Europe.
No 64	F. R. oo)	Matters Arising from 12th Session of Economic Commission for Europe: Note by Secretariat.
No 65	E. only	List No 3 of Working Papers issued from 28 November 1956 up to 29 May 1957.
No 66	E. F. R.	The Financing of Housing: Note by Secretariat.
No 66, Corr.1	F. R. ooooo)	Corrigendum to Text.
No 66, Corr.2	F. R. ooooo)	Further Corrigendum to Text.
No 66, Corr.3	E. F. R.	Further Corrigendum to Text.
No 66, Corr.4	E. F. R.	Further Corrigendum to Text.

- o) French and Russian texts already distributed.
oo) English text already distributed.
ooo) English and French texts already distributed.
oooo) Russian text already distributed.
ooooo) English text not yet distributed.

Document Number	Language	Short title of documents
<u>I. Plenary Series (contd.).</u>		
Symbol: HOU/ Working Paper N°66, Add.1	E. F. R.	Financing of Housing in Europe: Addendum to Text: Chapter I - Introductory: Economic and Financial Problems of Housing.
N°66, Add.2	E. F. R.	Further Addendum to Text: Chapter II - Investment in Housing.
N°66, Add.3	E. F. R.	Further Addendum to Text: Chapter III - Sources of Capital for Housing and Financial Institutions Concerned.
N°66, Add.4	E. F. R.	Further Addendum to Text: Chapter IV - Public Financial Aid.
N°66, Add.5	E. F. R.	Further Addendum to Text: Chapter V - Summary of Conclusions.
N°66, Add.6, Annexe I	F. oooooo)	Addendum au texte: Le financement de la construction en coopérative.
N°67	E. F. R.	Tentative Long-Term Programme of Group Visits: Note by Secretariat.
N°68	E. F. R.	Arrangements for an Ad Hoc Meeting on Standar- dization and Modular Co-ordination: Note by Secretariat.
N°69	E. F. R.	Enquiry into Rural Housing: Note by Secretariat.
N°70	E. F. R.	Preparation of Report on European Housing Trends and Policies in 1957: Note by Se- cretariat.
N°71	E. F. R.	Housing Committee Work Programme, Note by Secretariat.
N°72	E. F. R.	Draft Annual Report of Housing Committee to Economic Commission for Europe.
N°73	E. F. R.	Study Trip to France: Note by Secretariat.
N°73, Add.1	E. F. R.	Additional Information from French Autho- rities.
N°74 HOU/WP.3/ Working Paper N°22	E. F. R.	Proposed Time-Table of Forthcoming Housing Meetings.

Document Number	Language	Short title of documents
<u>II. Working Party on Housing and Building Statistics.</u>		
Symbol: HOU/WP.3/ Working Paper No14	R. 000)	Concepts and Definitions: Note by Secretariat.
No15, Add.1	R. 000)	Statistics on Value of Construction, Building Cost and Building Activity: Note by Secretariat: Addendum to Text.
No17	E. F. R.	Activity of Conference of European Statisticians: Note by Secretariat.
No18	E. F. R.	Revised Version of Quarterly Bulletin of Housing and Building Statistics for Europe: Note by Secretariat.
No19	E. F. R.	Statistics of Value of Construction, Indices of Building Costs and Indices of Building Activity: Note by Secretariat.
No20	E. F. R.	Concepts and Definitions: Note by Secretariat.
No21	E. F. R.	Concepts and Definitions: Definition of Gross Volume: Amendment by International Union of Architects.
No22 HOU/Working Paper No74	E. F. R.	Proposed Time-Table of Forthcoming Housing Meetings.
No23	E. F. R.	Annual Bulletin of Housing and Building Statistics for Europe: Statement of Financial Implications by Executive Secretary.

000) English and French texts already distributed.

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HOU/Working Paper No. 76
30 January 1958

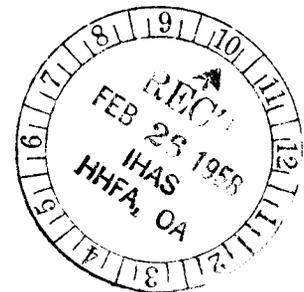
Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE
HOUSING COMMITTEE

STUDY TOUR TO CZECHOSLOVAKIA

Note by the Secretariat

At the thirteenth session of the Housing Committee in December 1956 the Czechoslovak delegation extended an invitation to members of the Committee for a group visit to that country to take place in 1958 (E/ECE/HOU/64, paragraph 19). Subsequently, in discussing a programme of group visits, the Committee agreed at its fifteenth session in November 1957 that there would be a comprehensive group visit to Czechoslovakia in June 1958 (E/ECE/HOU/71, paragraph 4(1)). A detailed programme of visits has now been drawn up and transmitted to the Secretariat by the Czechoslovak delegation (see Annex I). Delegates wishing to take part in the study tour are asked to complete in duplicate the registration form (Annex II) and send it before 31 March to the address indicated. Participants are also asked to remit their payments by 15 May in the manner indicated.



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30 April 1958

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE
HOUSING COMMITTEE

STUDY TOUR TO CZECHOSLOVAKIA

Note by the Secretariat

Corrigendum

A typographical error concerning the cost of the Tour has been discovered in the note submitted by the Czechoslovak delegation. The amount shown in Annex I, page 4, line 2, should be Sw.fr. 386 per person instead of Sw.fr. 286.

