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## **UN Support to Social Inclusion in Albania Project**

### **SOCIAL HOUSING IN ALBANIA: A NEEDS ASSESSMENT**

**August 2014  
Tirana, Albania**

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## CONTENTS

<b>INTRODUCTION .....</b>	<b>6</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>8</b>
<b>METHODOLOGY .....</b>	<b>12</b>
<b>FINDINGS .....</b>	<b>14</b>
A SNAPSHOT OF SOCIAL HOUSING .....	14
SOCIAL HOUSING PROGRAMS .....	17
VIEWS OF LOCAL AUTHORITIES .....	24
VIEWS OF VULNERABLE GROUPS AND THEIR REPRESENTATIVES .....	29
ACCESS TO INFORMATION.....	32
<b>INTERVENTIONS .....</b>	<b>33</b>
SOCIAL HOUSING PROGRAMS .....	33
CENTRAL GOVERNMENT OFFICIALS .....	34
LOCAL GOVERNMENT OFFICIALS.....	36
THE NATIONAL ENTITY OF HOUSING.....	37
BANKS .....	38
<b>REFERENCES.....</b>	<b>39</b>

## LIST OF FIGURES

FIGURE 1: APPLICANTS AND BENEFICIARIES OF SOCIAL HOUSING PROGRAMS (2005 – 2014).....	14
FIGURE 2: THE NUMBER OF APPLICANTS BY INCOME GROUP IN THE MUNICIPALITY OF TIRANA.....	17
(2005 – 2014).....	17
FIGURE 3: APPLICANTS AND BENEFICIARIES OF LOW-COST HOUSING IN THE MUNICIPALITY OF BERAT AND TIRANA (2005 – 2014).....	18
FIGURE 4: APPLICANTS AND BENEFICIARIES OF SOCIAL RENTED HOUSING IN THE MUNICIPALITY OF BERAT AND TIRANA (2005 – 2014).....	22
FIGURE 5: SOCIAL HOUSING BUDGET OF THE MUNICIPALITY OF LEZHA (2010 – 2014).....	26
FIGURE 6: PLANNED SOCIAL HOUSING BUDGET (IN THOUSAND LEKË) OF THE MUNICIPALITY OF LEZHA (2010 – 2014).....	26
FIGURE 7: PLANNED AND ACTUAL BUDGET (IN THOUSAND LEKË) FOR HOUSING SUBSIDIES IN THE MUNICIPALITY OF TIRANA (2011 – 2014).....	27

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## INTRODUCTION

Access to safe and secure housing is a fundamental human right. The Universal Declaration of Human Rights (Article 25) has established that “everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, **housing** and medical care and necessary social services” (emphasis added). However, for many people, access to safe and secure housing remains a privilege. It is estimated that 100 million people worldwide are homeless (United Nations, 2005). Homelessness goes hand in hand with other violations of human rights, such as the right to education, the right to freedom from discrimination, and the right to public participation.

Social housing programs are one of the ways that governments seek to alleviate the problem of homelessness. The government of Albania protects the human right of safe and secure housing through numerous programs, including social rented housing, low-cost housing, housing subsidies, subsidized loans, small grants, immediate needs grants, and land infrastructure. However, the extent that these programs are addressing the needs of vulnerable groups is open to question. Who applies for social housing? What are the differences between applicants and beneficiaries? How do local authorities address the problem of homelessness? How much do they invest in social housing? How do they characterize the relationship with the central government? Do they have sufficient capacities to meet the demand for social housing?

The purpose of this evaluation is to assess the needs for social housing in the local governments of Albania. Individual and group interviews were conducted with local government officials, local councilors, and representatives of civil society organizations in three municipalities – Lezha, Berat, and Tirana – during June–July 2014. The evidence will inform the Housing Strategy and Action Plan of the Ministry of Urban Development and Tourism as well the efforts of other institutions committed to advancing human rights, and improving social protection and inclusion in Albania.

Often, discussions of social housing in Albania focus on the lack of resources. Authorities discuss how they lack fiscal capacities to meet the increasing demand for social housing. The challenge is identifying cost-effective ways of increasing the number of social housing units across the country. The analysis presented here suggests that the focus of Albanian authorities is misplaced. Even if the number of social housing units increases considerably, the problem of homelessness in Albania will not end. In fact, it will reproduce more social exclusion and inequality. The problem is not the lack of resources per se but rather the lack of an institutional environment<sup>1</sup> that promotes an effective implementation of social housing programs. This is not a problem of the housing sector alone. Indeed, it is shared by other sectors as well. The distribution of government programs including social housing units in large part is based on personal relationships. What this means for the ordinary citizen of

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<sup>1</sup> Institutions refer to formal rules (e.g. constitutions, state regulations), informal rules (e.g. customary rules, cultural norms), and their enforcement characteristics (North, 1990). According to North (1990), an institutional environment can foster *credible commitments* if formal rules, informal rules, and their enforcement lead to low transaction costs. Individuals rely on informal rules if the cost of formal rules is too high. Other factors, such as beliefs and path dependence, play a role as well.

Albania is that he has to rely on personal relationships with authorities to get things done. When he lacks such relationships, he suffers discrimination and exclusion.

We believe that the challenge is building an institutional environment that supports the transition from personal to impersonal relationships. Several steps can be taken to achieve this goal: using digital technology to record and share data on social housing applicants and beneficiaries; establishing a strong monitoring system; promoting the use of scientific evidence; and cultivating a culture of collaboration and transparency. Such steps require strong political will and collaborative efforts. Once there is an agreement on the kind of institutional environment that should be established to promote impersonal relationships, discussions can focus on financial resources and alternative social housing programs that can address the needs of vulnerable groups, such as the Roma, Egyptians, orphans, and persons with disabilities. We propose several interventions for these groups.

The report is divided into four sections. The first section provides an executive summary of the main findings and proposed interventions. The second section introduces the methodology. The third section presents the findings, which are grouped into five sub-sections: a snapshot of social housing, social housing programs, views of local authorities, views of vulnerable groups and their representatives, and access to information. The fourth section discusses multiple interventions that are needed to address the problem of homelessness in Albania.

## EXECUTIVE SUMMARY

This purpose of this evaluation was to assess the needs for social housing in the local governments of Albania. We addressed the following questions: Who applies for social housing? What are the differences between applicants and beneficiaries? How do local authorities address the problem of homelessness? How much do they invest in social housing? Do they have sufficient capacities to meet the demand for social housing? To what extent are social housing programs addressing the needs of vulnerable groups? To address these questions, interviews were conducted with government officials and representatives of civil society organizations in three municipalities – Lezha, Berat, and Tirana. We focused on the following aspects: characteristics of applicants and beneficiaries, capacities of local governments to provide social housing, the distribution of social housing budget, transparency and access to information, and the relationship between local and central government. We examined other aspects as well, such as the inventory of housing units and land, the quality of housing units, and knowledge and implementation of laws and amendments related to social housing. The evidence will inform the Housing Strategy and Action Plan of the Ministry of Urban Development and Tourism. A summary of the main findings and proposed interventions is presented below:

Major findings:

- **There is a vast unmet need for social housing.** For instance, less than 20 percent of people in need have benefited from social housing programs in the municipality of Lezha and Berat.
- **Local government officials give priority to vulnerable groups; however, this varies across programs and municipalities.**
- **Women are less likely to apply and therefore benefit from social housing programs.**
- **Social housing programs attract families with an average income of 6 to 8 times higher than the poverty line.**
- **The program of low-cost housing is not affordable for the poor; therefore, they do not apply and benefit from the program.**
- **Families that apply for (and benefit) low-cost housing are young and small.**
- **Several problems plague the program of low-cost housing:** banking procedures are too long and costly; local government officials and bank officers give preferential treatment to the people they know; and local government officials encourage individuals to apply for social housing even when they do not meet the legal criteria.
- **The program of social rented housing is more likely to target low-income families.** Yet, the program is not affordable for those who live close or below the



poverty line. In addition, social rented housing does not address the needs of persons with disabilities.

- **The program of housing subsidies is the smallest.** Housing subsidies are viewed as a temporary solution to housing problems. There are no rules on how to discourage dependency from the program.
- **Housing subsidies do not always get utilized because apartment owners hold discriminatory attitudes towards vulnerable groups.**
- **Several problems characterize the program of housing subsidies:** landlords do not issue a contract; landlords complain that tenants make noise or damage their property and therefore do not renew the contract; the quality of housing units is very poor; and the monitoring system is inadequate.
- **Local government officials attribute the responsibility for funding large-scale housing projects to the central government.** They prefer greater role in the program of housing subsidies.
- **There is a lack of collaboration between municipalities, the National Entity of Housing, and local councils.**
- **Vulnerable groups face several problems:** the application is very expensive; some documents do not apply to their circumstances; and they are evicted from their houses and do not receive any compensation or alternative housing. They have multiple problems that need to be addressed simultaneously, such as unemployment, depression, and illiteracy.
- **Local governments use three methods to provide information on social housing programs: the local media, bulletin boards, and face-to-face interactions.** Representatives of vulnerable groups characterized these methods as ineffective.

Proposed interventions:

- **Use a multidimensional approach that focuses on the political, economic, and social environment to solve the problem of homelessness in Albania.** Homelessness intersects with poverty, illiteracy, inequality, discrimination, conflicts over land, political instability, corruption, and the poor (or lack of) protection of property rights. Interventions that focus on increasing the number of housing units alone will not be effective.
- **Create an institutional environment that allows an effective implementation of social housing programs.** This requires using digital technologies that allow central and local-level authorities to record and share data on social housing applicants and beneficiaries. This will make the application process easier and less costly for vulnerable groups. In addition, it will support monitoring efforts.

- **Strengthen the monitoring system.** Increase the efforts of holding lawbreakers accountable. There is a general agreement that achieving this goal requires political will.
- **Implement housing programs that address the needs of extremely low and very low-income families.** So far, housing programs have failed to reach impoverished individuals (*hallexhinjtë*).
- **Promote economic and social development programs in tandem with social housing programs.** Such interventions should focus on improving access to information, increasing employment opportunities, providing access to health and mental health services, and organizing educational programs on how to manage housing units and cohabitate with others. These interventions are critical for vulnerable groups.
- **Provide eviction prevention services for vulnerable groups, such as rent subsidies, assistance with utilities, case management, and mediation with landlords.**
- **Strengthen the fiscal autonomy and capacities of local authorities.** Otherwise, local authorities will continue to attribute the responsibility for providing social housing to the central government.
- **Establish temporary housing programs.** Local governments are more likely to fund (and afford) temporary programs than large-scale programs.
- **Strengthen the relationship between the central government and local governments.** Local authorities require stronger support from the central government to address conflicts over property, land usurpation, and poor enforcement of property rights.
- **Develop public-private partnerships to address the need for social housing.** However, for such partnerships to be successful, at least four preconditions should be met: First, the informal rental market should be formalized. Second, the formal rental market should be strong. Third, local governments should be characterized by strong leadership. Fourth, local governments should be fiscally strong. If such preconditions are not met, public-private partnerships will suffer.
- **Organize educational campaigns on how to apply for social housing programs, develop an individualized housing plan, manage apartment buildings, and cohabitate with others.**
- **Advocate for affordable housing for low-income families.** This requires placing the interests of low-income families first.

- **Foster a meaningful participation of vulnerable groups in decision making.** Engage vulnerable groups in the design and implementation of the housing strategy and develop mechanisms that allow them to hold decision makers accountable.
- **Cultivate a culture of collaboration and transparency both at the central and local level.** Otherwise, the efforts of improving access to social housing for vulnerable groups will not be successful.

## METHODOLOGY

This evaluation was conducted in three municipalities – Lezha, Berat, and Tirana.<sup>2</sup> The selection of these municipalities was informed by the following criteria: First, they differ in size and levels of social and economic development. Second, they have different social housing programs. Third, they represent different regions. While more case studies are needed to generalize findings at the national level, this selection allows a good understanding of the numerous challenges facing social housing in Albania.

A working team was established in the Ministry of Urban Development and Tourism<sup>3</sup> to design a measurement tool that was used to collect data in all three municipalities. Individual and group interviews (n = 42) were conducted with local government officials, local councilors, and representatives of civil society organizations during June – July 2014. Secondary data were also collected in municipal offices. Questions focused on the following topics: (1) socio-economic characteristics of the community; (2) socio-economic characteristics of applicants and beneficiaries; (3) capacities of local governments; (4) social housing budget and its distribution; (5) the inventory of housing units and land; (6) the quality of housing units; (7) transparency and access to information; (8) knowledge and implementation of laws and amendments; (9) the relationship with the central government; and (10) social housing in the short-term.

In the municipality of Lezha, interviews were conducted with the mayor, the vice-mayor, and the head of the Economic and Social Assistance Department, Programming and Development Department, Finance Department, Public Services Department, and the National Entity of Housing. Interviews were also conducted with a few specialists, the head of the Gender Equality Office, two representatives of the Roma community who work on the integration of the Roma community in northern Albania, and one representative of the Egyptian community who leads the organization Hope for the Poor. A group interview was conducted with members of the Commission of Social Problems and Housing.

In the municipality of Berat, interviews were conducted with the mayor, one of the vice mayors, and the head of the Budget and Financial Administration Department, Banka Kombëtare Tregtare, and the Management of Social Rented Housing, Housing and Municipal Properties Department. Interviews were also conducted with specialists at the Urban Planning Department, Budget and Financial Administration Department, and the Office of Statistics. Discussions were held with the Economic Commission of the local council, the head of the Roma organization United Roma, and representatives of the disability community.

In the municipality of Tirana, interviews were conducted with the head of the Department of Housing Management and Social Services, a specialist in the Department of Housing Management and Social Services, members of the Housing Committee and representatives

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<sup>2</sup> The municipality of Lezha has a population of 15,510; the municipality of Berat has a population of 36,496; and the municipality of Tirana has a population of 418,495 (Institute of Statistics, 2011).

<sup>3</sup> Members of the working team in the Ministry of Urban Development and Tourism: Aida Seseri, Ermira Tomco, Doris Andoni, Valmira Bozgo, Ergis Tafalla, and Jonida Pone.

of civil society organizations. Specifically, interviews were conducted with the head of the Roma organization – Roma for Integration, the Egyptian organization – the Egyptian Sphinx, Orphans Association, and Albanian Disability Rights Foundation. Interviews were also conducted with members of the Housing Commission of the local council.

Three data analysis techniques were used: content analysis, univariate analysis, and bivariate analysis. Content analysis was conducted to examine perceptions, attitudes, and experiences with social housing programs; univariate analysis was conducted to examine the socio-economic characteristics of applicants and beneficiaries, and the distribution of the municipal budget; and bivariate analysis, such as t-test, to examine the relationship between two variables, such as gender and apartment size.

## FINDINGS

### A SNAPSHOT OF SOCIAL HOUSING

**The number of homeless individuals and families is unknown.** Local authorities do not have data on the number of homeless individuals and families, the number of vulnerable groups, and the number of vulnerable groups in need of social housing.<sup>4</sup>

**If we refer to the number of individuals who have applied for any type of social housing program in the municipality, we can conclude that there is a vast unmet need for social housing.** Presently, less than 20 percent of people in need<sup>5</sup> have benefited from social housing programs in the municipality of Lezha and Berat. For instance, 125 out of 792 applicants (15.78 percent) have benefited from social housing programs in the municipality of Lezha. Similarly, 124 out of 686 applicants (18.07 percent) have benefited from social housing programs in the municipality of Berat. The number of applications for social housing programs submitted to the municipality of Tirana is 10,891. The number of beneficiaries is 800 (7.35 percent).<sup>6</sup> Social housing programs are too small to address the needs of the changing urban population (see Figure 1).

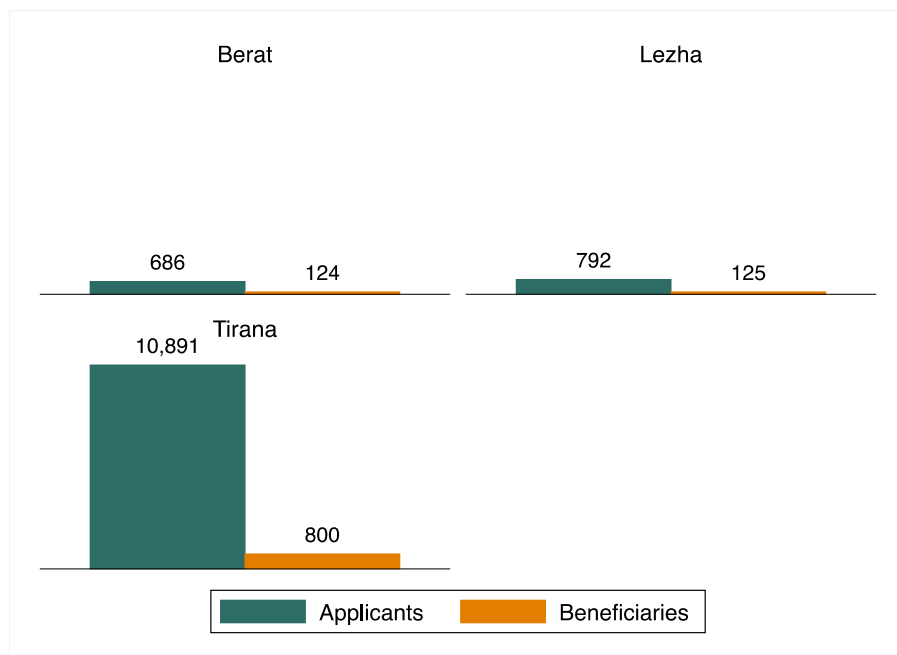


FIGURE 1: Applicants and beneficiaries of social housing programs (2005 – 2014)

<sup>4</sup> The poverty line is ALL 4,891 per capita per month (Instat & World Bank, 2013).

<sup>5</sup> Refers to those people who have applied for any type of social housing program in the municipality. There is no other data available that would allow us to provide an accurate estimate of the need for social housing. We are aware that our estimates do not reflect the real need for social housing. Some people in need might have not applied and some of those who have applied are not in need.

<sup>6</sup> This does not include the number of those who have not accepted the soft loan (explanation provided below). If this number is taken into consideration, the number of beneficiaries will increase considerably, from 800 to 2,253 (from 7.35 to 20.7 percent).

The majority of social housing applicants (n = 10,891) in the municipality of Tirana do not own a home (91.37 percent); have not benefited from 7652 Law<sup>7</sup> (81.3 percent); live in small families<sup>8</sup> (58.6 percent); and live in poor housing conditions (21.72 percent). Approximately, 7.6 and 1.5 percent receive economic assistance and unemployment benefit respectively. The majority of applicants work in the public (27.4 percent) and private sector (22.13 percent). The majority of applicants are married (61.15 percent), followed by single (16.98 percent) and divorced (13.7 percent) applicants. Only two vulnerable groups were displayed in the electronic records of the municipality of Tirana: persons with disabilities and orphans. They comprise less than 8 percent of all applicants.

The majority of applicants<sup>9</sup> in the municipality of Lezha (n = 792) have not benefited from 7652 Law; live in small families (41.41 percent); and live in poor housing conditions (25.25 percent). **Around 14.4 percent of applicants (114 out of 792) in the municipality of Lezha fall under the category of vulnerable groups.** The majority of applicants that fall under this category have disabilities (n = 43). Other groups include female-headed families (n = 27), single-parent families (n = 24), young couples (n = 9), older adults (n = 5), large families (n = 3), families that have changed residence (n = 3), and orphans (n = 2). Compared to other vulnerable groups, persons with disabilities are more likely to apply for social housing. **Around 28.4 percent of applicants (195 out of 686) in the municipality of Berat fall under the category of vulnerable groups.**

**Local government officials give priority to vulnerable groups; however, this varies across programs and municipalities.**<sup>10</sup> For instance, 345 out of 490 (70.41 percent) applicants approved for social housing by the local council of Lezha during 2005 – 2014 fall under the category of “vulnerable groups.” These numbers are high especially for female-headed families (76 or 15.5 percent), persons with disabilities (100 or 20.41 percent), young couples (54 or 11.02 percent), and people living in bad conditions (94 or 19.18 percent). However, the number of approved applicants does not equal the number of beneficiaries. This is especially the case for low-cost housing. Bank officers make the final decision. Their decision is influenced by the financial stability and asset ownership of the applicant, not his or her group membership.

Compared to the municipality of Lezha and Berat, the municipality of Tirana does not keep electronic records of social housing beneficiaries. Thus, we were not able to examine the characteristics of beneficiaries. Interviews with councilors, members of the housing commission, and representatives of civil society organizations indicate that government officials do not give priority to vulnerable groups (see below); however, we do not have any scientific evidence to support their claims.

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<sup>7</sup> On State Housing Privatization (1992).

<sup>8</sup> Defined as families with three members or fewer.

<sup>9</sup> There is less data available on applicants' characteristics in the municipality of Lezha and Berat. Also, there is a difference on the type of the program used to record the data. Specialists in the municipality of Lezha and Berat use excel; meanwhile, specialists in the municipality of Tirana use special software that makes the data entry process more efficient and less prone to mistakes.

<sup>10</sup> Some examples of vulnerable groups are female-headed families, single-parent families, older adults, orphans, and people with disabilities (Law 9232).

**Women are less likely to apply and therefore benefit from social housing programs.**

For instance, only 32 out of 137 applicants (23.36 percent) approved for low-cost housing by the local council of Lezha in 2012 were women. Women applicants have lower levels of income ( $M = 37525.5$ ,  $SD = 17,568.63$ ) than men ( $M = 45,715.47$ ,  $SD = 16,714.16$ ). The difference between the two groups is statistically significant,  $t(135) = -2.4$ ,  $p < .01$ .<sup>11</sup>

**The average amount of the soft loan awarded to women ( $M = 2,702,981$ ,  $SD = 766,691.3$ ) is significantly lower than men ( $M = 3,145,920$ ,  $SD = 714,567.7$ ),  $t(135) = 3.02$ ,  $p < .01$ .** This gender difference does not necessarily reflect discriminatory loan practices but rather the fact that women applicants are more likely to be single parents and apply for smaller size apartment units. A chi-square test was conducted to examine the relationship between gender and apartment size. Results indicated that compared to men, women are more likely to apply for studios (37.5 percent vs. 18.1 percent) and one-bedroom apartments (25.0 percent vs. 22.86 percent). Meanwhile, men are more likely to apply for two (33.33 percent vs. 28.12 percent) and three-bedroom apartments (25.71 percent vs. 9.38 percent).

**Social housing programs attract families with an average income of 6 to 8 times higher than the poverty line.** For instance, the mean level of income<sup>12,13</sup> of all individuals who have applied for social housing programs in the municipality of Lezha since 2005 is 40,361.76 ( $SD = 21843.88$ , range: 2,000 – 229,000). Only 5 percent of applicants have an income that is close to the poverty line – ALL 4,400 or lower. The mean level of income of all individuals who have applied for social housing programs in the municipality of Berat since 2005 is 29,361.9 ( $SD = 23,726.93$ , range: 0 – 375,000). Only 10 percent of applicants have an income that is close to the poverty line – ALL 4,200 or lower. The average resident of Berat who benefits from social housing programs is poorer than the average resident of Lezha. This is because the municipality of Berat has a social rented housing program that is more likely to target the poor. The municipality of Lezha does not have such a program.

The majority of social housing applicants in the municipality of Tirana have a monthly income that is above ALL 30,000. Specifically, 61.1 percent of all applicants have a monthly income that is above ALL 30,000 and 33.2 percent have a monthly income that is above ALL 50,000. Only 14.47 percent of applicants have a monthly income that is less than ALL 10,000. Figure 2 displays the gap across the three different groups of income.

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<sup>11</sup>  $M$  refers to the mean;  $SD$  refers to the standard deviation; and  $t$  refers to the t-test, which allows comparing the mean between two groups, for instance the mean level of income between women and men. When the value of probability ( $p$ ) is lower than .05, the difference between the two groups – women and men – is statistically significant.

<sup>12</sup> Here we report only the mean value. There are not significant differences with the median value.

<sup>13</sup> Income refers to family income. The difference between the poverty line and the mean value of income might be overestimated. The first is measured at the individual level and the latter at the family level. One solution would be to multiply the poverty line by 2. This approach might be relevant if the focus is on young families, not single-parent families or female-headed families. We can't solve this problem because a poverty threshold for families (based on their size) is still not established in the country.



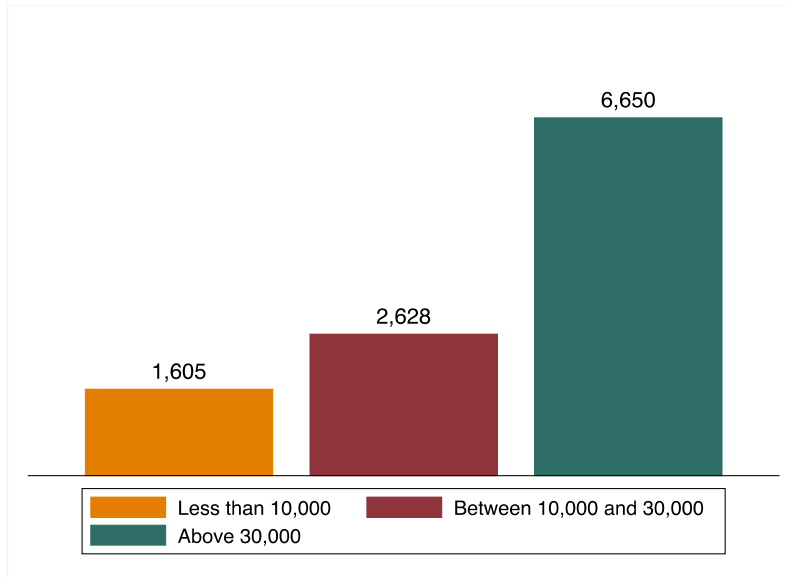


FIGURE 2: The number of applicants by income group in the municipality of Tirana (2005 – 2014)

We examined three social housing programs that are currently operating in Lezha, Berat, and Tirana: (1) low-cost housing; (2) social rented housing; and (3) housing subsidies. The largest program is low-cost housing. The municipality of Lezha does not offer social rented housing. Below, we focus on each program.

## SOCIAL HOUSING PROGRAMS

### Low-cost housing

**If we refer to the number of applicants, we can conclude that there is a high demand for low-cost housing.** Less than 15 percent of people in need have benefited low-cost housing in the municipality of Lezha and Berat. For example, 579 individuals have applied for low-cost housing in the municipality of Berat since 2005; the number of beneficiaries is 73 (12.61 percent). Around 24 percent of applicants (2,045 out of 8,517) have been awarded soft loans in the municipality of Tirana; however, only 28.95 percent (592 out of 2,045) of them have accepted the loan. Hence, the percentage of real beneficiaries is 6.9 (we discuss the reasons for this discrepancy below). Figure 3 presents the number of applicants and beneficiaries for the municipality of Berat and Tirana.

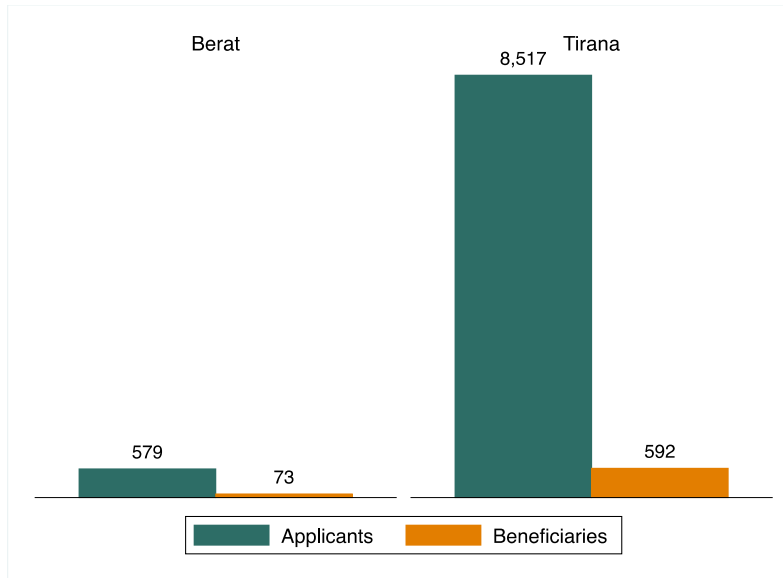


FIGURE 3: Applicants and beneficiaries of low-cost housing in the municipality of Berat and Tirana (2005 – 2014)

**Low-cost housing is not affordable for the poor; therefore, they do not apply and benefit from the program.** Individuals who have applied for low-cost housing in the municipality of Berat have higher levels of income ( $M = 31,192.1$ ,  $SD = 24,569.46$ ) compared to those who have applied for social rented housing ( $M = 19,250.5$ ,  $SD = 14,832.09$ ),  $t(657) = 4.73$ ,  $p < .001$ . In other words, individuals who apply for low-cost housing have an average income that is approximately 6 times higher than the poverty line or 1.6 times higher than those who apply for social rented housing. Similarly, individuals who have applied for low-cost housing in the municipality of Lezha have significantly higher income ( $M = 40,552.07$ ,  $SD = 21,474.56$ ) than those who have applied for housing subsidies ( $M = 27,057.27$ ,  $SD = 39,446.57$ ),  $t(778) = 2.04$ ,  $p < .05$ . Those who apply for low-cost housing have an average income that is approximately 8 times higher than the poverty line or 1.5 times higher than those who apply for housing subsidies. Around 70.3 percent of individuals who have applied for low-cost housing in the municipality of Tirana have an average income that is over ALL 30,000; 39.8 percent have an average income that is over ALL 50,000.

The distance between the poverty line and the mean value of monthly income becomes more significant when the focus shifts to those approved for low-cost housing. The mean value of monthly income for families approved for low-cost housing in the municipality of Lezha in 2012 was ALL 43,802.48 ( $SD = 17,207.04$ , range: 13,000 – 90,550).<sup>14</sup> Approximately, this amount is 9 times higher than the poverty line. Less than 11 percent of applicants (15 out of 137) fall under the category of “vulnerable groups.”

*Less than 11 percent of applicants (15 out of 137) approved for low-cost housing by the local council of Lezha in 2012 fall under the category of “vulnerable groups.” Similarly, less than 10 percent of applicants (19 out of 200) approved for low-cost housing by the local council of Tirana in 2013 fall under the category of “vulnerable groups.”*

<sup>14</sup> This calculation is based on a sample of applicants ( $n = 137$ ) for low-cost housing approved by the local council of Lezha in 2012.

groups.” A similar result is found in the case of Berat. The mean value of the monthly income for families approved for low-cost housing in the municipality of Berat is ALL 40,646.87 ( $SD = 10,063.68$ , range: 20,000 – 71,930).<sup>15</sup> The mean value of monthly income for families approved for low-cost housing in the municipality of Tirana in 2013 was ALL 52,413.54 ( $SD = 16,578.57$ , range: 10,478 – 106,628).<sup>16</sup> Less than 10 percent of applicants (19 out of 200) approved for low-cost housing in the municipality of Tirana fall under the category of “vulnerable groups.”

**Soft loans are not always based on a careful examination of the housing market.** The mean value of the soft loan awarded to beneficiaries in the municipality of Lezha in 2012 was ALL 3,042,460 ( $SD = 748,219.5$ , range: 261,000 – 4,176,000).<sup>17</sup> This amount was 66 percent lower for the municipality of Berat. More specifically, it was ALL 2,016,725 ( $SD = 382,879.1$ , range: 1,565,802 – 2,982,480). Local authorities in Berat characterized the amount of soft loans awarded to their municipality as arbitrary.

**The lack of a careful analysis of the housing market plunges families into poverty.** Families end up in worse conditions than they were before participating in the program. If a family in Berat is awarded a soft loan of ALL 1,800,000, it will need almost the same amount to afford a small apartment. When families fail to match the soft loan with their savings, they withdraw their application. Over time, some of the families that initiate the application process and benefit from the program realize that the program is not affordable. Currently, 6 – 7 percent of families in the municipality of Berat that have benefited low-cost housing have bad loans. The number for the municipality of Lezha is 20. This group of families either loses the job or assets. Therefore, they fail to make their monthly loan payments and end up in debt. The management of bad loans varies across municipalities. Officials and bank officers choose either an informal or formal approach. (An example of an informal approach is organizing meetings to assess the situation on the ground and convincing borrowers on the importance of making timely payments. An example of a formal approach is taking the case to the court.) Sometimes, they use a combination of the two.

**In the municipality of Lezha, low-cost housing was characterized as a program for middle-class families, defined by many as “families that rely on two salaries and have stable income.”** The families that benefit from low-cost housing are not vulnerable. Local councilors characterized the program as ineffective and *imoral* (lit: immoral) because “those who benefit are not those who are supposed to benefit.” “What is the social impact of this program?” asked one of the respondents. Then, he added: “It [the law] says that you need to have 30,000 to benefit from the program. You need to start from the bottom-up, not from the top-down. The law favors the rich.”

**In the municipality of Berat, low-cost housing was characterized as a program that pushes families into poverty.** In large part, this was due to the fact that the amount of the

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<sup>15</sup> This calculation is based on a sample of applicants ( $n=63$ ) approved for low-cost housing by the local council of Berat in 2012.

<sup>16</sup> This calculation is based on a sample of applicants ( $n = 200$ ) for low-cost housing approved by the local council of Tirana in 2013.

<sup>17</sup> This calculation is based on a sample of applicants ( $n = 137$ ) for low-cost housing approved by the local council of Lezha in 2012.

soft loan was too small. Ironically, low-cost housing ends up being high cost and therefore detrimental to the well-being of community members.

**In the municipality of Tirana, low-cost housing was characterized as a program that allows officials *të bëjnë qoka* (lit: to pay a visit, to do a favor).** They use social housing programs to reward their political supporters and expand their electoral base. This concern was raised in the municipality of Lezha as well.

**Families that apply for (and benefit) low-cost housing are young and small.** They tend to be slightly smaller than families that benefit social rented housing or housing subsidies. For instance, those who have applied for low-cost housing in the municipality of Lezha have smaller family size ( $M = 3.74$ ,  $SD = 1.42$ ) compared to those who have applied for other programs ( $M = 4.63$ ,  $SD = 2.54$ ),  $t(790) = 2.04$ ,  $p < .05$ . Families approved for low-cost housing by the local council of Tirana in 2013 have an average size of 2.58 ( $SD = 1.35$ ; range = 1 – 7).<sup>18</sup>

Several problems plague the program of low-cost housing:

**Banking procedures are too long and costly.** Applicants apply twice (to two institutions) and spend a considerable amount of money. For many, this was a way of exploiting applicants. Furthermore, the bank has the right to terminate the decision of local councilors if no action is taken within 6 months. Citizens pay the price because they go through long and bureaucratic procedures, and sometimes end up in debt. In the meantime, local councilors have to reevaluate applications. For them, this was a waste of time.

**Local government officials and bank officers give preferential treatment to the people they know.** Local councilors brought examples of wealthy individuals or people who held key positions in the community (e.g. a former head of the Police Department) who were awarded soft loans. Some of their comments were: “They [beneficiaries] obtain soft loans and buy vacation homes,” “Those in need are excluded from the program,” and “The law is designed for the privileged; they are the ones who benefit.” They blamed the central government for the situation and advocated for a stronger enforcement of state rules.

**The procedures of bank officers are not transparent.** Local councilors were suspicious of the selection process. They raised many questions, such as: “Why does the bank withhold 20 percent of the soft loan awarded to families?” “Why does the bank terminate the decision of the local council?” “Why do bank officers change the list of approved applicants?” and “Why do some individuals benefit and others not?” To explain the lack of transparency, they mentioned that the bank does *pisllëqe* (lit: dirty deals) with central-level institutions.

*“We should not simply build apartments. We should build the community” (the mayor of the municipality of Lezha).*

**The strategy of the National Entity of Housing is not effective.** One of the respondents said: “The National Entity of Housing has strong alliances with the bank. It does not

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<sup>18</sup> This calculation is based on a sample of applicants ( $n = 200$ ) for low-cost housing approved by the local council of Tirana in 2013.

represent the interests of ordinary citizens but rather the interests of bank officers. It exploits; it does not protect ordinary citizens.” Others characterized the strategy of the National Entity of Housing as ineffective. They provided two explanations: First, vulnerable groups do not benefit from social housing programs. Second, the entity does not have a long-term vision on how to integrate vulnerable groups into the community. “You bring 75 poor families into a single unit,” said the mayor of the municipality of Lezha. “What do you expect to happen?” Then, he added: “You have created a ghetto. We should not simply build apartments, we should build the community.” This is critical especially for groups that have been historically marginalized, such as the Roma.

**Local government officials encourage community members to break the law – apply for social housing even when they do not meet the legal criteria.** Or, they suggest ways of working around the system. For instance, they “advise” community members to increase their family size (by asking a relative to join their family) or report that they have a job (even if they are unemployed). By using this strategy, local government officials preserve their reputation. As one of the officials said, “they [community members] will know that it is not because of us that they do not benefit, it is because of the bank.” Community members pay the cost; applications might be approved by the local council but then are rejected by bank officers. This further reinforces the belief that the distribution of social housing units is based on personal connections, not merit.

**Respondents characterized the quality of low-cost housing as inferior.** One of the respondents shared his experience: “When I first saw the apartment, I said: What did I do to myself?” The situation is worse for persons with disabilities. The environment does not support the challenges that they face with mobility. Construction firms seek to keep costs down rather than create a friendly environment for persons with disabilities.

**Only 28.9 percent (592 out of 2,045) of the beneficiaries of soft loans in the municipality of Tirana have accepted the loan.** One of the housing specialists at the municipality of Tirana provided the following explanations for the low acceptance rate: (1) the land or property is not registered with the Property Registry, or there are other issues concerning the property; (2) beneficiaries do not know that they have to initiate the process of loan acceptance within 6 months of its approval; and (3) beneficiaries realize that they can’t afford participating in the program because of the high cost.

### **Social rented housing<sup>19</sup>**

**If we refer to the number of applicants, we can conclude that there is a soaring demand for social rented housing.** Less than 16 percent (48 out of 309 applicants) of people in need have benefited social rented housing in the municipality of Berat. Less than 17 percent (385 out of 2,270) of people in need have benefited social rented housing in the municipality of Tirana (see Figure 4).

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<sup>19</sup> This section will focus on the municipality of Berat and Tirana. The municipality of Lezha does not have a program on social rented housing. The municipality of Tirana has a social rented housing program; however, rental units have not been distributed yet.

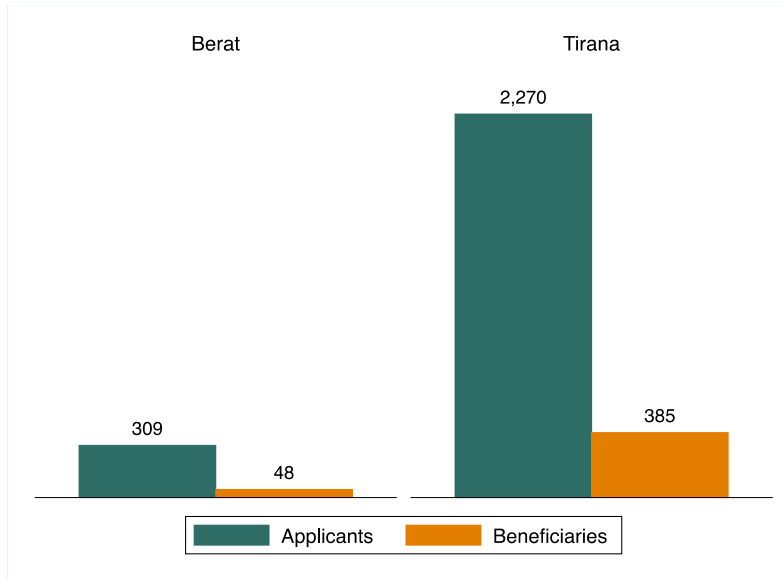


FIGURE 4: Applicants and beneficiaries of social rented housing in the municipality of Berat and Tirana (2005 – 2014)

**The poor are more likely to benefit from social rented housing than low-cost housing.** Those who have applied for social rented housing in the municipality of Berat have lower levels of income ( $M = 25,910.02$ ,  $SD = 15,572.76$ ) compared to those who have applied for low-cost housing ( $M = 32,178.51$ ,  $SD = 28,369.36$ ). The difference between the two groups is statistically significant,  $t(656) = 28,369.36$ ,  $p < .001$ . The majority of individuals who have applied for social rented housing in the municipality of Tirana have low levels of income; 32.7 percent of applicants have an income that is ALL 10,000 or lower.

Vulnerable groups comprise 66.7 percent of the beneficiaries of social rented housing (32 out of 48) in the municipality of Berat. Vulnerable groups that are more likely to apply for social rented housing are single-parent families (19 percent) and female-headed families (11.8 percent). Vulnerable groups that have benefited social rented housing are single-parent families ( $n = 12$ ), persons with disabilities ( $n = 10$ ), female-headed families ( $n = 6$ ), older adults ( $n = 2$ ), and young families ( $n = 2$ ). Women comprise 41.67 percent of the beneficiaries of social rented housing (20 out of 48).

The municipality of Tirana did not have electronic records of the characteristics of applicants. According to a housing specialist, the majority of applicants are older adults, recipients of economic assistance, and members of the Roma and Egyptian communities.

**The program of social rented housing is more likely to target low-income families.**

However, to benefit from the program, low-income families should have stable sources of income. In the municipality of Berat, families should afford a monthly rent that is close to ALL 7,000, which is 1.43 times higher than the poverty line. However, many low-income families transition in and out of poverty. As a

*The program of social rented housing in the municipality of Berat has two advantages. First, it is cost-effective – payments cover maintenance and management costs. Second, compared to other programs, it is more likely to target low-income families. Yet, the program is not affordable for those who live close or below the poverty line.*

result, they quit the program (n = 4) and end up homeless. Older adults characterized the program as too expensive to afford. An older adult with a retirement pension of ALL 15,000 spends almost half of the retirement pension for the rent. What is left is only the amount of ALL 8,000 to afford all other living expenses. For them, the program is not affordable.

**Social rented housing does not address the needs of persons with disabilities.** In the municipality of Berat, persons with disabilities opposed the location of housing units because of the difficult terrain; however, their opinions were not taken into consideration. They described the rooms as too narrow and the environment as not friendly and responsive to the challenges that they face every day.

**There were instances of power theft.** Some of the residents in the municipality of Berat complained that their electricity bill was higher than the rent. Instances of power theft were very common and residents had to pay the price.

**There was a high level of disappointment with the social rented program in the municipality of Tirana.** The new rental units were built a few years ago; however, they have not been distributed yet. Respondents provided three explanations for the delay: (1) political conflicts; (2) the poor quality of housing units; and (3) the use of rental units as an electoral tool. During election campaigns, mayoral candidates promise that they will distribute the new rental units if they come into power. They believe that such promises will increase their chances of getting elected (or reelected).

## **Housing subsidies**

**The program of housing subsidies is the smallest.** The number of individuals who receive housing subsidies in the municipalities of Lezha and Berat (2014) varies from 1 to 3. This number is higher in the capital. In 2013, the number of individuals who received housing subsidies in the municipality of Tirana was 40.

**Local authorities in the municipality of Lezha and Berat did not advertise the program; fearing that their offices would be flooded with applicants.** Instead, they provided subsidies to those families that they believed were in need. The program of housing subsidies can be characterized as an emergency program – a program that allows local government officials to respond to community members who they believe are in extreme poverty. Thus, the assessment is based on face-to-face interactions.

**Housing subsidies do not always get utilized.** This is especially the case for Roma families. Apartment owners would rather keep their property empty than rent it to a Roma family. The head of a Roma organization in the municipality of Berat reported that more than 30 individuals have rejected his application for housing.

**Housing subsidies are viewed as a temporary solution to housing problems.** There were no rules on how to discourage dependency from the program. There were several instances of poor management of rental units.

**The municipality of Tirana does not have electronic records of the beneficiaries of housing subsidies.** Therefore, we were not able to examine their characteristics. However,

one of the housing specialists mentioned that the majority of beneficiaries are recipients of economic assistance, and members of the Roma and Egyptian communities.

**The program of housing subsidies of the municipality of Tirana was characterized as ineffective.** This is how a housing specialist described the program: “This is a temporary program that does not have any positive effect on vulnerable groups. Some of them leave [rental units], some get evicted, others have so many problems that are sunk into poverty.”

A list of problems characterizing housing subsidies in the municipality of Tirana is presented below:

**Landlords do not issue a contract.** As a result, tenants are insecure and often are evicted without any notice. Usually, landlords that issue a contract provide better housing quality.

**Landlords complain that tenants make noise or damage their property, and therefore do not renew the contract.**

**The quality of housing units is very poor.** Vulnerable groups try to find the cheapest alternative in the market. Often, this means living in housing units where the ceiling leaks and there are cockroaches or other health hazards.

**There are many instances of beneficiaries that move from one rental unit to another and do not inform the housing department.** Lacking an accurate address system, the housing department is not able to identify the location of beneficiaries.

**The monitoring system was characterized as inadequate.** Respondents reported cases of wealthy individuals receiving housing subsidies.

**The amount of the housing subsidy awarded to a family does not reflect its changing circumstances, e.g. the change in family size.**

In the next two sections, we focus on the views of local authorities, and vulnerable groups and their representatives: what they perceive as problems and solutions for social housing. Then, we focus on access to information.

## **VIEWS OF LOCAL AUTHORITIES**

**The distribution of funds (including social housing funds) is based on political connections, not merit.**

**There is no information on how the central government distributes social housing funds; how the decision-making process looks like; who benefits and who doesn't.** Local authorities requested that central-level officials communicate the information and make them part of the decision-making process.

**The central government has passed many laws; however, these laws are not based on a good understanding of the local context.** Often, “formal discussions” are held, i.e.



discussions that allow central-level officials to be “politically correct” with donors – report that they organized meetings and communicated the information. Respondents brought examples of “formal” consultative sessions. “Why do you invite me if you don’t care about my opinion?” asked one of the officials.

**Local authorities identified two key moments that they should be part of: when laws and amendments are designed and implemented.** They argued that communicating legal changes is not enough. They should be trained and hold discussions. There was a general perception that laws and amendments reflect the interest of a small group of individuals, not ordinary citizens. One of the respondents asked: “Why do you need hundreds of amendments?”

**Local governments do not have sufficient capacities to obtain foreign assistance for social housing projects.** Capacity-building initiatives should be organized especially on how to apply for funds. In addition, large-scale housing projects will require additional staff and training. Only one individual was responsive for housing issues in the municipality of Lezha and Berat.

**The relationship between the central government, local governments, and donors was characterized as problematic.** One of the respondents described the situation in the following way: “They [donors] give the money and make the rules. On the other side, you have political parties that fight with one another. The outcome is short-term, impractical, and unstable rules.”

**Local government officials attribute the responsibility for funding large-scale housing projects to the central government.**

To implement social housing programs, local government officials rely on three funding sources: (1) the reserve fund (i.e. a lump sum that is used in cases of emergency); (2) operating expenses (i.e. a small fund for housing subsidies); and (3) local resources, such as foundations and religious organizations. The extent that they rely on these sources varies across municipalities.

The reserve fund gives local government officials the flexibility to respond to local circumstances. For instance, they can draw on the reserve fund to support homeless families.

**Local authorities use formal and informal connections to mobilize local resources.** However, their ability to draw on such resources varies across municipalities.

**Local government officials prefer a greater role in the program of housing subsidies.** This program allows them to target families that live under severe circumstances. They argued that they could change the lives of a few people even with small funds. However, this program offers a temporary solution. In addition, it is characterized by several management problems.

**Investments in social housing in the municipality of Lezha comprise less than 0.3 percent of the municipal budget.** The ratio of social housing budget to the overall budget ranges from 0.026 percent (2010) to 0.11 percent (2014) (see Figure 5).

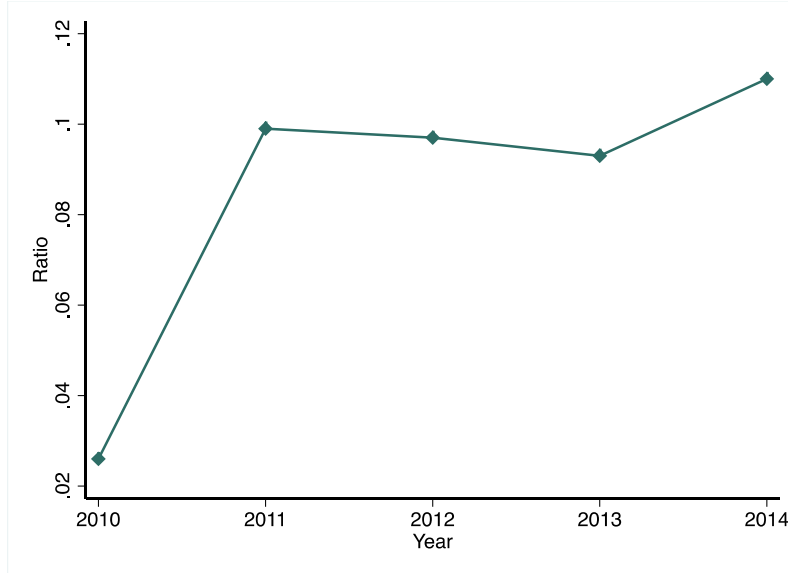


FIGURE 5: Social housing budget of the municipality of Lezha (2010 – 2014)

The ratio has not changed significantly in the last four years. However, planned social housing budget has increased over time (see Figure 6).

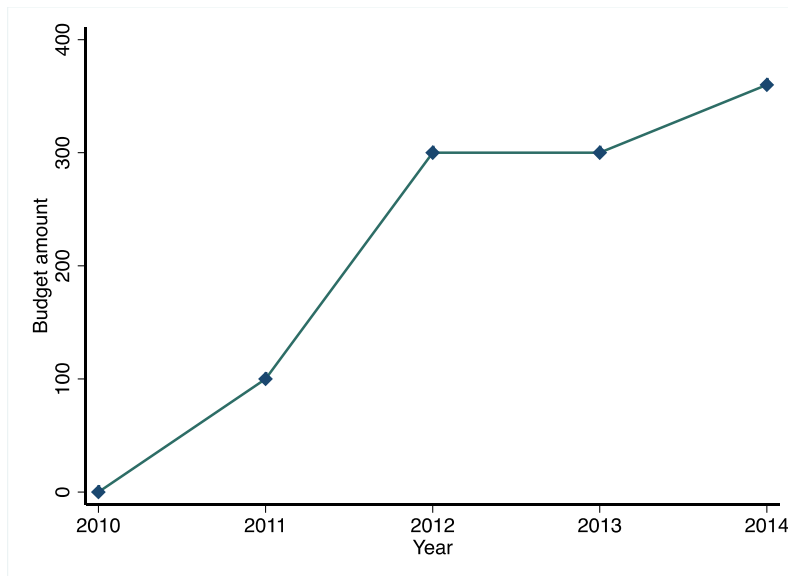


FIGURE 6: Planned social housing budget (in thousand Lekë) of the municipality of Lezha (2010 – 2014)

In the case of the municipality of Lezha, the actual budget is higher than the planned one. For instance, in the year 2011 local authorities planned a budget amount of ALL 100,000. However, they spent an amount of ALL 320,000. Local government officials argued that they should support at least 20 families with housing subsidies per year. This will total ALL 3,600,000. The expansion of the program will allow them to avoid cases of emergency.

In the municipality of Berat, local authorities supported only one individual with a housing subsidy (the selection process was not clear). Other than that, no budget was allocated for social housing programs.

During 2011 – 2014, the municipality of Tirana has allocated around ALL 47,360,000 for housing subsidies; however, the amount spent is only ALL 27,854,000 (or 58.81 percent). There are significant differences between the planned and actual budget (see Figure 7). The reasons for this discrepancy are not clear.

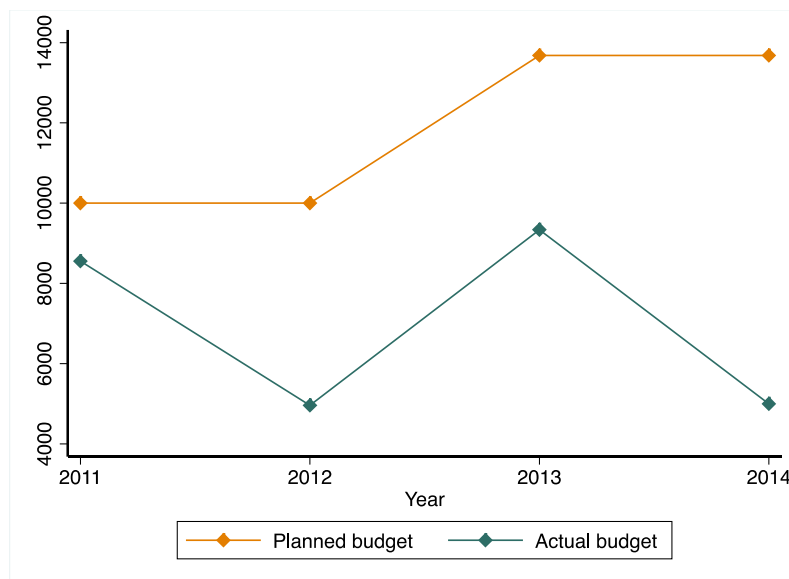


FIGURE 7: Planned and actual budget (in thousand Lekë) for housing subsidies in the municipality of Tirana (2011 – 2014)

In addition, the municipality of Tirana has allocated the amount of ALL 345.464.000 to Roma and Egyptian communities. This includes investments in infrastructure, such as water, sewage, and roads.

**The analysis of the municipal housing and land inventory suggests that municipalities own only a small amount of land that they can use for social housing projects.** The municipality of Lezha and Berat own 5,500 m<sup>2</sup> and 8,000 m<sup>2</sup>, respectively. “Only the air is left, nothing else,” said the mayor of Berat. Some argued that future housing projects would require buying private land, which was characterized as abundant.

**Local government officials were willing to make the land available to the National Entity of Housing.**

**The housing stock varies across municipalities.** The municipality of Lezha has a large housing stock; approximately, 1,000 vacant apartments. This number is only 40 for the municipality of Berat. This suggests that the strategy of the National Entity of Housing should vary across municipalities. In the presence of a large housing stock, existing

apartment units should be utilized. This might be less costly than building new apartment units. In the presence of a small housing stock, new apartment units should be built.

**Local government officials opposed reducing fiscal barriers for construction firms.**

One of the discussions focused on the strategies that local government officials can use to address housing needs. Can they provide incentives for construction firms, such as reduce fiscal barriers? In return, construction firms can take greater responsibility for social housing projects. Overall, local government officials were against this idea. They explained that this policy will have a negative effect on their budgets and therefore on their ability to provide public services. Local authorities argued that they would accept this proposal under the following condition: if state funds increase. One of the mayors suggested increasing the infrastructure tax from 4 to 6 percent. Then, divide it into two parts: use one part for the improvement of public services and the other one for the improvement of social housing units.

**The rental market is mostly informal.** Landlords prefer renting their apartments to the people they know. In addition, they do not use contracts. This can be for different reasons. For instance, they do not trust others or find transaction costs too high. Respondents suggested formalizing the rental market and teaching management skills to renters.

**The new decentralization reform is unclear.** Some of the questions were: How will local government officials meet the increasing demand for public services? What sectors will have priority (e.g. agriculture or industry)? How will the central government balance development pressures? How will the central government distribute its funds? Local authorities are awaiting details.

**Local government officials emphasized the importance of using evidence to inform decision making.** In practice, evidence is not utilized. They identified numerous problems. Often, numbers are not accurate, authorized, and updated. In addition, no discussions are held with high-level officials.

*“We provide numbers [to high-level officials]; we do not discuss. We need to come together and share our problems as well as find solutions” (a social welfare specialist in Lezha).*

**Local councilors do not have sufficient information on social housing applicants.**

Councilors asked numerous questions: “How do I know if the information is accurate?” “How can I check the information?” “Why do officials provide limited information?” They reported that officials accept false documents as well as encourage community members to provide false documents. To avoid this problem, they gave four suggestions: First, creating an on-line database that would allow them to access and double check the information from multiple institutions (e.g. the Labor Office, Cadastral Office). Second, delegating the responsibility for selecting and approving applicants (not social housing funds) to local government officials. Third, training officials to better examine applicants. Fourth, penalizing officials when they support the submission of false documents.

**Local councilors in Tirana were more likely to report instances of political conflicts and disagreement over social housing applicants.** They were also more likely to report

cases of conflict of interest, for example, government officials supporting the application of their relatives.

**There is a lack of collaboration between the municipality, the National Entity of Housing, and the local council.**

**Councilors represent the interests of political leaders.** One of the councilors characterized himself as “a militant advancing the interests of my political party, not ordinary citizens.”

**Councilors in Tirana reported instances of wealthy individuals as well individuals with strong political ties, such as children of high-level officials and journalists, who have benefited social housing.** There have also been instances of individuals submitting false documents or municipal officers examining the application of a family member or relatives.

**Applicants can easily obtain false documents.** State institutions do not have sufficient capacities to identify and penalize such cases. Because of this, the scoring system (*sistemi i pikëzimit*) is ineffective. One of the councilors characterized the scoring system as “a system of paperwork.” Then, she added: “It does not allow you to understand who is vulnerable and who is not.”

**Councilors emphasized that social housing programs have failed to achieve their goals. Indeed, they have reinforced existing inequalities.** One of the councilors said: “The poorest of the poor do not have enough education and financial means to prepare the application. Those who have information and can manipulate the system are the ones who have benefited.”

## **VIEWS OF VULNERABLE GROUPS AND THEIR REPRESENTATIVES**

**Roma and Egyptian communities should not be lumped together.** Egyptians are better off and therefore more capable to address housing needs. For instance, many Egyptian families have applied and benefited from the program of social rented housing in Berat. Meanwhile, the number of Roma families is zero. Approximately, 86.3 percent of Roma families receive economic assistance in the municipality of Lezha. This percentage is 43.2 for Egyptian families. According to the housing specialist in the municipality of Berat, “when Romani visit the office and learn that they have to submit many documents, they say no, no, we are not interested.”

**The program of low-cost housing in the municipality of Lezha is unaffordable for both Romani and Egyptians.** Thirty-nine Romani and Egyptians have applied for low-cost housing since 2010. The number of beneficiaries is zero. Bank officers consider them a high-risk group.

**The needs of Roma families vary within and across communities.** In some communities they settle and in others not. Different housing strategies need to be used with different groups.

Representatives of the Roma community shared their negative experience with apartment owners. As they explained, landlords hold discriminatory attitudes. They would rather keep their apartments empty than rent them to a Roma family.

**Representatives of Roma and Egyptian communities expressed anger and disappointment with development projects.** One of the respondents said: “The Roma Decade consists of empty promises. The funds allocated by the European Commission are appropriated by high-level institutions and civil society organizations located in the capital.” Similarly, others complained that “they [high-level officials and civil society organizations] call us for one or two days, invite us for cocktails and then do what they want. We have not received anything from the state budget.”

**There is no evidence on the number of Romani and Egyptian applicants in the municipality of Tirana.** As a housing specialist explained, the majority of Romani and Egyptians do not submit any document indicating their special status as a vulnerable group, therefore they do not gain extra points.<sup>20</sup>

**The process of renewing documents is very costly. Some of the required documents do not apply to Romani and Egyptians.**

**Representatives of the Roma and Egyptian communities in Tirana shared that donors hesitate investing in their communities because they lack land titles.** If they have land titles, they can mobilize their own resources, attract donors, and invest in their communities.

*Powerlessness was the most frequent theme of the discussions held with vulnerable groups. “Make us part of the decision-making process,” they said in unison.*

**Lacking land titles, Romani and Egyptians are evicted from their houses and do not receive any compensation or alternative housing.** Recently, four Roma families were evicted from their homes in the municipality of Elbasan (Balkan Insight, 2014). Human rights organizations have advocated for changing the legal framework and offering support to evicted families.

**Representatives of the Roma community blamed their counterparts in the Egyptian community for trying to benefit from their cause.** “This is our Decade. It is the Decade of the Roma, not Egyptians,” said the head of a Roma organization in Lezha. Meanwhile, the head of an Egyptian organization said that the only difference between the two communities is the educational level. Egyptians are more educated than Romani. A tense relationship has several negative implications, especially on the ability of both communities to come together and demand change.

One group of respondents mentioned that social housing programs should give priority to Romani and Egyptians. Another group said that the strong emphasis on Romani and

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<sup>20</sup> Points are used to differentiate applicants from one another; the higher the number of points, the more likely it is that an applicant will benefit social housing.

Egyptians reflects donors' priorities, not realities on the ground. Other groups, including the elderly, women, and persons with disabilities should have priority.

**There are 360 orphans between 18 and 45 years old who live in dormitories across the country. The head of the Orphans Association characterized dorms as ghettos.** They do not have even the most basic living conditions.

**The majority of orphans live in dormitories for more than 30 years.** There are no temporary programs that can assist them during the transition to social housing programs.

**Orphans' experience in dormitories is damaging.** Orphans have multiple problems that need to be addressed simultaneously, such as depression and illiteracy.

**Housing subsidies are not affordable for orphans.** In addition, subsidies should be introduced with other supportive programs, such as employment, educational and mental health programs. Landlords evict orphans because they tend to have behavioral problems and are incapable of managing apartments well.

**There is no evidence on the number of persons with disabilities who are homeless.**

**There is a considerable gap between law and practice. In practice, persons with disabilities are not able to benefit social housing.**

**The application process is very expensive.** Obtaining a notary certification for a single document is around 3,000. The cost for an individual with a monthly income of 9,000 is too high.

**Obtaining certain documents is very difficult.** For some of the documents, persons with disabilities should travel outside the capital.

**Some applicants might have many vulnerabilities.** For instance, they might be disabled and orphans at the same time. This is not taken into consideration during the application process.

**Around 50 percent of persons with disabilities have mental health problems.** Despite this, the emphasis is mostly placed on individuals with physical disabilities.

**One of the problems with the new program of social rented housing in the municipality of Tirana is that rental units are too far from social and health services.** "This is an example of open discrimination, segregation," said a representative of the disability community. Then, she added: "You should have a long-term vision for this group. Finding them a place to live is not enough."

**Different authorities use different definitions of income.** Municipal officials consider the disability allowance as income; meanwhile, bank officers do not.

## Other concerns

**The Housing Commission of the municipality of Tirana is ineffective.** Representatives of vulnerable groups reported that they were not invited in meetings and sometimes they received invitations after meetings were held.

**The exclusive focus on vulnerable groups that apply for social housing is too narrow.** Often, vulnerable groups find alternative housing that is dangerous and do not apply for social housing. For instance, they live in housing units that are about to collapse. The social housing strategy needs to consider this group as well.

**There is no hotline and temporary housing for victims of abuse (e.g. women, children, and the elderly) in the municipality of Lezha and Berat.**

## ACCESS TO INFORMATION

**Three methods are used to provide information on social housing programs: the local media, bulletin boards, and face-to-face interactions.** Communicating information through the media is not sufficient. The media simply informs people that a program is available; it does not educate them on the application process.

*Local government officials think that the information is available, accessible, and understandable for the poor. Those who work at the grassroots think the opposite.*

**The majority of local government officials in Lezha and Berat mentioned that citizens have full access to information.** In addition, the information is accessible and easy to understand. Applicants visit the municipality if they have any questions. Individuals with special needs obtain assistance from local organizations. However, the extent that this group has access to local

organizations and local organizations represent their interests is open to question. Municipalities do not have full capacity to address the needs of all applicants.

**Applicants make informal, not formal, complaints.** Usually, they meet local government officials in person and ask them “why others benefited social housing and I did not.” Their complaints reveal that they do not have confidence in the selection process.

**Applicants do not participate in the meetings of the local council.** They prefer individual-level strategies, for instance convincing local councilors that they need housing in person.

**Interactions between local government officials and citizens are characterized by tension and anxiety.** We observed a few cases of interaction. Local government officials explained selection procedures and got angry at repeated questions. Sometimes they asked citizens to visit the office at another time. While leaving the office, citizens expressed their dissatisfaction with comments such as “What is happening here!”

**All local government officials recognized the importance of making the information available on the web site.** However, this strategy will not solve the problem of poor access



to information. First, the information posted on the web site is limited. Second, vulnerable groups do not have access to internet. This suggests expanding the information posted on-line and using multiple communication strategies that consider the needs of different groups.

**The access to information was problematic especially in the municipality of Tirana.**

Several problems were identified. First, applicants do not have full information on application procedures – the steps that they should follow to complete the application process. Second, their applications are full of mistakes. Third, municipal officers do not provide professional help during the application process. Fourth, applicants do not know where to obtain documents. They travel hundreds of kilometers only to learn that their documents do not exist or they should obtain them in the capital. Fifth, the screening process is not rigorous. There are instances of individuals who submit all documents and only after that they learn that they should have not applied in the first place. These problems are common among vulnerable groups.

*“Those who benefit [social housing] are those who know the system very well. Hallexhinjtë (lit: impoverished individuals) do not benefit,” (a local councilor in Tirana).*

## INTERVENTIONS

We propose five areas of intervention that focus on social housing programs, central government officials, local government officials, the National Entity of Housing, and banks.

### SOCIAL HOUSING PROGRAMS

**There is no one-size-fits-all housing solution.** Diverse models of social housing are needed.

**Implement housing programs that address the needs of extremely low and very low-income households.** Mobilize the poor to contribute in such programs. Design an incentive system that promotes independent living and labor market integration.

**Increase the supply of social housing for vulnerable groups, such as persons with disabilities, orphans, the elderly, Romani, and Egyptians.**

**Provide eviction prevention services, such as rent subsidies, assistance with utilities, case management, and mediation with landlords for vulnerable groups.**

**Provide transitional housing (e.g. emergency shelters) for those trying to fly from abuse (e.g. children, youth, women, and the elderly).**

**Develop temporary housing programs.** Local governments are more likely to fund (and afford) temporary programs than large-scale programs.

**Promote private – public partnerships.** A form of collaboration in developed countries (e.g. UK) is that of joint ventures between local authorities and the private sector. For example, local authorities make the land available and the private sector provides financial

investments and house building expertise. However, for such partnerships to work out, several preconditions should be met: First, the informal rental market should be formalized. Second, the formal rental market should be strong.<sup>21</sup> Third, local governments should be characterized by strong leadership. Fourth, local governments should be fiscally strong.

**Strengthen housing organizations.** Housing organizations can organize educational campaigns, advocate for affordable housing for low-income families, and advocate for policy changes. In addition, they can collaborate with other actors involved in the housing sector.

## **CENTRAL GOVERNMENT OFFICIALS**

**Establish a comprehensive system for collecting, managing, and storing data on social housing applicants and beneficiaries.** Train local government officials.

**Delegate the responsibility for selecting and approving social housing applicants to local government officials.** Train local authorities to better examine applicants.

**Strengthen the monitoring system.** Penalize local government officials who support false documents or take other similar actions. Identify loopholes and take the appropriate measures.

**Support fiscal decentralization.** If local governments are financially empowered, they will be more capable to support housing programs, in particular programs that provide temporary residence for homeless individuals. In addition, local authorities can experiment with small-scale housing programs that are tailored to their needs and capacities.

**Make the distribution of social housing funds transparent.** The information should be communicated to local government officials and they should be part of decision-making processes. The goal should be to cultivate a culture of transparency and broad participation in decision making.

**Strengthen the relationship with local authorities.** We propose four steps: (1) consult with local government officials to identify problems; (2) design rules based on the problems identified; (3) implement rules in collaboration with local government officials; and (4) monitor the implementation of rules over time. Make interest groups part of the process. Consultation should not be used to legitimate decisions already made.

**Support local authorities to develop local housing plans.**

**Strengthen the capacities of local government officials.** Provide information on funding opportunities and offer training programs on how to apply for large housing grants.

**Hold discussions on the new territorial reform and its effects on social housing.** Clarify uncertainties.

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<sup>21</sup> In a western context, an apartment market for instance is more likely to thrive in the presence of population growth, young and mobile residents, job growth, and highly educated workforce (see Popovec, 2013).

**Support initiatives that focus on information technology.** Assist local governments to map resources, capacities, and hot spots.

**Support local governments to solve conflicts over land or other types of conflicts that restrict their ability to provide social housing.** Offer assistance for the problem of land usurpation.

**Give land titles to those groups that have been historically marginalized, including the Roma and Egyptians.** This will encourage investments in the community and create a sense of ownership. In addition, it will break the belief that Romani and Egyptians do not belong to the mainstream society.

**Strengthen partnerships between local institutions.** For instance, support the partnership between the Economic Assistance Office and the Labor Office. Such partnerships can serve social housing projects, among others. For instance, a rule can be established that the Labor Office should give priority to those applicants who receive economic assistance.

**Penalize individuals and groups that arbitrarily deny housing to vulnerable groups.**

**Support initiatives that make vulnerable groups part of the formal market.** Local government officials tend to avoid conflicts with residents. They will engage in such efforts only if they have the support of the central government.

**Establish an incentive system that avoids dependence and penalizes law-breakers.** Handouts should be avoided because they tend to be misused. If people cannot afford housing costs, they can contribute in other ways, for instance offer their labor. Representatives of the Roma community welcomed this idea.

**Support evidence-based programs and practices.** Revise the poverty line and estimate the poverty threshold for Albanian families. In addition, estimate the number of vulnerable groups, and homeless individuals and families.

**Promote economic and social development programs in tandem with social housing programs.** Such interventions should focus on increasing employment opportunities, promoting vocational programs, providing access to health services, providing family planning services, and organizing educational programs on how to manage housing units and cohabitate with others.

**Offer support to local governments** to renovate old buildings, address the problem of land usurpation, buy land from private developers, meet the housing needs of families that have not benefited from privatization, and contract families that have benefited from social housing programs.<sup>22</sup>

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<sup>22</sup> Thirteen families that have benefited from social housing programs in the municipality of Lezha do not have a contract.

**Seek alternative ways of raising funds.** One of the respondents suggested that state officials should use the income gained from sequestered goods to address social problems including homelessness.

**Set a positive example of collaboration and transparency.**

## **LOCAL GOVERNMENT OFFICIALS**

**Conduct a needs assessment of social housing.**

**Develop a local housing plan that includes both short and long-term projections and goals.**

**Invest in temporary housing programs.** Mobilize local resources and establish collaborative efforts with construction firms and private developers.

**Penalize local government officials (including councilors) who encourage community members to submit false documents or take other similar actions.**

**Train local government officials on how to better select applicants for social housing programs.** Provide detailed explanations to local councilors.

**Promote economic and social development programs in tandem with housing programs.** Introduce vocational training programs for vulnerable groups and help them connect to the labor market. Otherwise, social housing programs will foster dependency on government assistance.

**Implement social housing programs that consider the special needs of persons with disabilities.** Do not ignore the location of housing units as well as access to health and social services.

**Take into consideration the special needs of other vulnerable groups.** For instance, provide mental health services and employment opportunities for orphans, and vocational training programs for Romani, Egyptians, persons with disabilities, and orphans.

**House vulnerable groups in different apartment units; avoid creating ghettos.**

**Improve access to information on social housing programs.** Use multiple tools (e.g. bulletin boards, media, official sites) to communicate the information and ensure that the information reaches different groups of population. Encourage community members to join the meetings of the local council.

**Provide free legal aid to vulnerable groups in collaboration with civil society organizations.** Existing programs do not meet the need.

**Organize public discussions with social housing experts; discuss the application process, so people are well prepared when they visit the municipality.**

**Provide written explanations to citizens and make application procedures easy to understand.**

**Organize awareness-raising campaigns for difficult-to-reach populations that are less likely to be aware of housing programs.**

**Introduce “how-to” educational and counseling programs that address the needs of different groups.** These programs can focus on how to apply for social housing programs, develop an individualized housing plan, develop skills to meet obligations of tenancy, manage apartment buildings, and cohabit with others.

**Collaborate with housing organizations to support affordable housing.**

**Promote the implementation of evidence-based social housing programs and practices.**

**Monitor the quality of housing units.** Ensure that housing units address the needs of persons with disabilities and other vulnerable groups.

**Support the initiatives of the central government that focus on formalizing the informal market.**

**Include vulnerable groups in decision making and cultivate a culture of transparency.**

**Establish stronger collaboration between community organizations, local authorities, state officials, and donors.**

## **THE NATIONAL ENTITY OF HOUSING**

**Conduct a careful analysis of the housing market.** Use research findings to determine the amount of soft loans that should be awarded to each local government.

**Improve the reputation.** Break the belief held by local authorities that “the Entity does not advocate for the interests of ordinary citizens.”

**Collaborate with construction firms and private developers to find the most effective way of providing social housing in each local government.** For instance, in some municipalities utilizing the existing stock is a much more effective strategy than building new housing units. These efforts will be limited if the rental market remains informal.

**Seek less costly alternatives, for instance reconstruct old houses.**

**Develop a long-term housing strategy that will allow building healthy communities, not just housing people.** Design the strategy based on a good understanding of the local context.

**Avoid housing programs that transform neighborhoods into ghettos.**

## **BANKS**

**Make banking procedures less demanding and bureaucratic.** Unify the application process, so that community members do not apply to two institutions.

**Communicate the information to the local council.** Make the selection process transparent. Explain why 20 percent of the soft loan is held from beneficiaries and reveal its destination.

**Improve the reputation.** Work on changing people's perception that "the bank does dirty deals with central-level institutions."

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