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# Urban housing rehabilitation and partnerships: Tirana case study

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## Abstract

Low cost privatization of the former state owned housing has been one of hallmarks of the transition to the market economy for the CEE countries. This mass transfer of wealth has provided to be a mixed blessing for its recipients. Because of low standards of construction and maintenance, the existing housing stock requires major repairs or renovation, both to prevent further devaluation and eventual loss of this valuable asset and to increase the owner satisfaction with their living condition. To succeed, rehabilitation projects must overcome many difficult legal, financial and organizational problems. The transition experience in Albania proved that the government alone is not able to provide and manage the rehabilitation of the housing stock. It has to co-operate with other actors in housing environment – the private sector and the community. The efficient ways for the rehabilitation of housing stock are the partnerships.

The paper analyse the factors that influence the co-operation and performance of the public sector, the private sector and the community in urban housing rehabilitation in Tirana, investigate whether the partnerships approach could be appropriate in providing better environment and facilitating a rehabilitation process.

The theoretical framework, which supports the arguments of the paper, is followed by a short review of housing stock situation in Albania. A description of actors, their role and performance in urban housing rehabilitation is done. Analyses of the institutional, legal, financial and organizational aspects, brings to the conclusion that there is lack of co-operation since there are no incentives and many constraints that affects the performance of the public, the private and the community in urban housing rehabilitation in Tirana.

This paper try to open the discussion on the partnerships, specifically on Public Private Community Partnership, and the improvement of co-operation between the actors as an effective way to solve the problems of housing stock.

**Keywords:** neighbourhood revitalization, community development initiatives, residential land issues

## 1. Introduction

The post-communist period in Albania, since 1990, is characterized by rapid urbanization. Massive population shifts from countryside to big and medium urban centres. Tirana, the capital of Albania is a typical city that has shown very fast growing during the last decade. Census reported in July 2001 that the Tirana District has reached a population of 523 150, a more than 50 percent increase since 1990.

Rapid growth of new houses in the outskirts of the city and densification of the inner city has been characteristic of Tirana's urbanization in the transition period. The densification is characterized by the construction of new high-rise apartment buildings in the inner city and alterations of the existing ones. In the absence of control, densification has occurred primarily through the informal constructions. The cumulative effects of urban densification and limited investments, lack of maintenance funds from the government, has accelerated the decay and quality of infrastructure in the inner city. Uncontrolled alterations of the existing buildings and new constructions in Tirana city have encroached sidewalks, water pipes and sewer too, which makes their repair impossible.

A big number of old dwellings do not fulfil the needs of households. As a result, during last years there is a considerable tendency on alteration and adaptation of these buildings to new needs, especially those constructed after the Second World War during the period of socialism. Households have been able to invest on housing rehabilitation and alterations in spite of uncertainty caused by impracticable condominium law and lack of building permissions. The informal construction activities in the city have overwhelmed the public sector's ability to control the development.

In one side the private sector and the individual households in their effort to improve the housing conditions in the inner city it seem to act alone without the support of the government, struggling through informal intervention. In other side the transition experience in Albania proved that the government alone is not able to manage the rehabilitation of the housing stock. It has to co-operate with other actors in housing environment – the industry, the scientific institutions, the private sector, the informal sector, the residents and the NGOs. The efficient ways for the rehabilitation of housing stock are the partnerships. The private sector is interested and the community too, but they are not well organized. The CBOs are in process of formulation and still very weak to contribute effectively in the rehabilitation process.

The urban rehabilitation projects realised by the municipality of Tirana faced problems with participation and collaboration between actors. There was no clear policy and guidelines developed which can guide the public sector and other partners in the process of forming effective partnerships. This had made the community and private sector participation and contribution to be limited. The projects are situated only in the center of capital city, were the urban environment quality for political reason is more important for the local and central government, far from facing the situation strategically and in an integrated manner. Peripheries and other urban centres in Albania are struggling with weak finances of local government, which is not enough for maintenance of necessary services. The private sector and the residents have financed much of the formal and informal investments in the rehabilitation of individual dwellings. The support for the private sector and the resident's initiatives from the government through efficient partnership policies and mechanisms is still lacking.

The absence of a clear-cut and long term policy on housing maintenance and rehabilitation, inappropriate regulatory framework, lack of collaboration between the public sector, the private sector and the community, are the major constraints for housing maintenance and rehabilitation.

## 2. Forms of Partnerships

Partnership in the context of human settlements is defined by UNCHS (Habitat) *as a mechanism for ensuring that the comparative advantages of different actors in the development process are exploited in a mutually supportive way, i.e. that the strengths and weaknesses of the public, commercial private and non-governmental sectors are harmonized so that maximum use is made for the strengths, while minimizing the potential for inefficiency caused by the weaknesses.* Clearly such definitions of partnership are so encompassing that they include most major development initiatives in urban areas, i.e. and housing rehabilitation, although when cooperation between public and/or private sector and/or communities are included, they form an outer boundary for what this paper includes as a partnership.

The research was focused on the evaluation of partnerships results in urban housing rehabilitation in Tirana by analysing different forms and therefore what seems important is the identification of ideal partnership related with it. The various types of partnerships available are defined by and relate to the relationship between public, private and community purposes, separately and jointly served through the partnerships.

For housing rehabilitation programmes we can use four different forms of partnerships defined as:

- 1) Partnership between the public sector and the private sector (PPP)
- 2) Partnership between the public sector and the community (PCP)
- 3) Partnership between the private sector and the community (PrCP) and
- 4) Partnership between the public sector, the private sector and the community (PPCP)

The ideal partnership for the urban rehabilitation projects could be the Public Private Community Partnership. PPCP can be defined as an arrangement or organization, which aims at ensuring active cooperation between government agencies and private sector actors as well as communities. It is, or at least should, be based on sharing the risks as well profits. The definition of PPCP is:

*A special form of cooperation between one or more government partners and one or more partners from the commercial and community sector, in which all parties work together when realizing their goal and responsibilities based on trust and equality in order to create a synergetic relationship (Etten 2000).*

In the figure some of most common characteristics of the public-private-community partnership are presented.

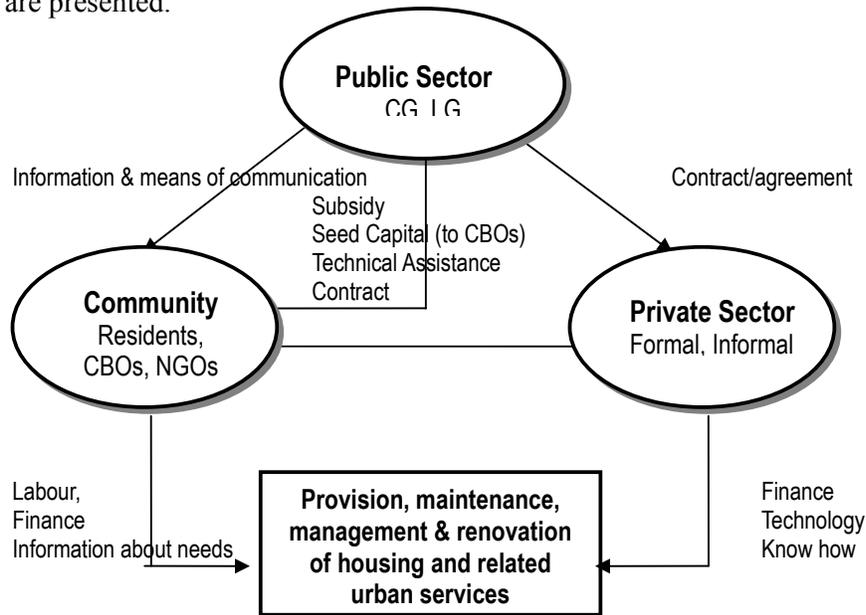


Figure 1: Public Private Community Partnership in housing and service provision

### 3. Housing Stock in Albania

According to Census, on 1 April 2001 there were 520 936 residential buildings and 783 641 dwellings in Albania. The housing fund is increased by 35% since 1989, from which 92% in urban areas and 21.1% in rural areas. Most of the residential buildings in the country are with 1 and 2 dwellings, the average number of country is 1,5 dwellings per building and in urban zones is higher 2,5 dwellings per building.

Table 1: Households and housing

	Urban	Rural	Total
<b>Households</b>	331.886	396.755	728.641
<b>Members/household</b>	3,9	4,5	4,2
<b>Buildings</b>	146.111	374.825	520,936
<b>Dwellings</b>	361.849	421.866	783.715
<b>Inhabitable</b>	313.247	378.344	691.591
<b>Uninhabitable</b>	48.602	43.522	92.124

Two main categories of housing stock can be defined: houses build in the period 1944-1989 and new houses built after 1990.

The housing stock predated 1990 were characterised by very poor conditions, decay and lack of amenities in the pre-war stock, with cramped apartments in bleak and mostly under maintained apartment buildings.



**Figure 2:** Existing housing stock predated 1990

In summary the situation in the housing stock was characterised by:

- Shoddy construction of the state owned units
- Lack of construction quality
- Used cheap and low quality materials, specially in the finishing's
- Lack of central system heating and no plumbing for hot water
- Rents in state-owned apartments were too low to cover the maintenance cost and repair
- Deferred maintenance and renovation
- No new investments in housing stock.

The housing stock in Albania nowadays presents the most evident social - economic problem. Almost, one dwelling in seven served to home more than one family (Census 2001). Irrespective of ownership<sup>1</sup> over the buildings their internal conditions are often substandard. Many of apartment buildings do not meet the comfort requirements. One fifth of houses have dump walls and leaky roofs. The windows in one forth of houses are damaged because they are too old (Census 2001).

The mechanical components (pipes, cables, and so on) do not meet the current requirements. The internal supply systems in the dwellings build during socialist time require total renovation. The existing electrical network in the buildings is deteriorated and has not enough capacity to meet new requirements of habitants (electric-base equipments, heating and cooling). The infrastructure and the outdoor environment do not meet ecological standards, lacking recreation and social facilities. The maintenance is poor due to the local government financial constrains, unclear roles and responsibilities, and deferring maintenance from residents.

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<sup>1</sup> According to the 1998s living standards survey 95% of families own their dwellings.

**Table 2: Housing condition indicators**

	More then 10000 inhabitants (%)	Less then 10000 inhabitants (%)	Total (%)
Living in a single house	27,4	80,4	62,6
Garden	11,2	62,6	45,3
Owner of house	88,3	98,1	94,8
Number of rooms per person	0,4	0,5	0,5
Lack of space	50,4	37,1	41,7
Damp walls	17,3	21,2	20,0
Leaky roof	15,3	22,5	20,0
Rot in windows	26,2	23,9	24,6
Too dark	12,1	12,6	12,4
Polluted environment	52,4	18,1	29,7

The growing of housing demand by one side and insufficient supply by the other side, especially in Tirana, has caused chaos in the existing housing areas. Many dwellings were not appropriate to the needs of households. As result, there is a considerable tendency during last years for their alteration and renovation. Various forms of extensions, most of them carried out without building permit, have produced a variety of building alteration. The lack of internal space has driven the owners to build illegal extensions in the public open spaces to cater for additional spaces such as bathrooms, toilets, storerooms, kitchen and rooms. Wherever possible the spaces around the residential buildings have been divided into private courtyards occupying common space. Aesthetic considerations are most often neglected.

The private initiatives for alteration of the ground floors of apartment buildings to reuse them for commercial shops or for other business activities jeopardize in many cases public and the condominium interest, benefiting from the public land.



**Figure 3: Alteration to existing apartment buildings**

#### 4. Actors in Housing Rehabilitation and their Role

There are three main groups of actors involved in housing rehabilitation: the public sector, the private sector and the third sector (community).

##### The Public Sector

**The Central Government (CG)**<sup>2</sup> is represented by the Ministry of Territory Regulation and Tourism (MoTRT). The ministry is responsible for housing planning and monitoring in national level. It prepares the national housing policy and strategy according to the government's program, provides the necessary legal framework, funds for housing and subsidies for the homeless families.

**The Ministry of Local Government and Decentralization (MLGD)** is responsible for emergent issues dealing with housing such as floods, earthquake and other disasters.

**The National Housing Agency (NHA)** is the main implementation mechanism used by central government for fulfilling his commitment in housing sector. There is no any project for housing rehabilitation realised or in the future plans of this institution.

**The Local Government (LG)**<sup>3</sup> is dependent by the central government. In terms of urban housing rehabilitation it is responsible for the following.

- Preparation of plans for urban and housing rehabilitation
- Project coordination
- Finance from its budget the rehabilitation projects
- Approval of rehabilitation plans<sup>4</sup> and building permits
- Control and monitor the implementation of building permits
- Control of the territory within their administrative boundaries
- Undertake administrative sanctions for the damages done in the urban areas
- Demolish informal alterations in the buildings

##### The Private Sector

**The formal private sector** comprises legally constituted companies supported by Albanian investors and foreign investors. They are a few large, high-capacity builders, a moderate number of medium-sized formal contractors, and hundreds of small-scale builders and journeymen's. The formal sector leaded by private developers, is primarily involved in erecting mid to high-rise structures in the inner city of main urban areas in Albania. They are not investing in housing rehabilitation because this is not profitable as new housing. Few of them are selected from bids organised by the municipality and some donor agencies for rehabilitation projects going on in Tirana recently. Only a limited number of small contractors are involved in the construction of formal alterations (extension on any side of dwellings or increase in height), reconstruction of apartment units, etc.

**The informal private sector** is involved mainly in the reconstruction of individual apartments and houses, informal alteration in the existing apartment buildings such as changes or rearrangements in the structural parts or in the existing facilities, extensions on any side of dwellings, increases in height and all other possible interventions. The informal sector has provided about 60% of the total number of housing construction by the private sector and the biggest part of renovation works done in housing stock. (Co-Plan 2000).

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<sup>2</sup> Although the concepts of democracy and decentralization of power are accepted, the attitudes of CG are still autocratic and centralistic.

<sup>3</sup> Law 8052 (2000), *The Organization and Functioning of Local Government* gives more responsibility to the municipalities for housings. The law provides that urban planning; land management and housing shall become exclusive functions of municipalities and communes

<sup>4</sup> For plots les then 0.5 ha

*The banking system* is composed by State Bank of Albania, Savings Bank of Albania<sup>5</sup> and 14 private second-tier banks. The contribution of the banks for financing housing is still very weak. Only four of private second-tier banks such as American Bank of Albania, FEFAD Bank, Branch of Alpha Credit Bank A.E. and International Commercial Bank, are giving some hundred short and mid-term loans for selected high-income households. They don't give loans to the housing associations or other CBOs.

## Community

*CBOs* are few in Tirana. Their role is increased in the upgrading projects financed by foreign donors especially in the informal settlements. Organization of communities in condominium association is still in the first steps. Recently as result of sensitise campaign of municipality of Tirana and NGOs for specific urban housing rehabilitation projects the communities are acting in common base but they are not organised in legalised condominium associations.

*The households* are investing in the rehabilitation of their apartments units. Because of a long time of experience in the rental tenement and the mentality of getting everything from the government they find difficulty to collaborate in condominium. They are not acting together to invest in their common property.

*NGOs*<sup>6</sup> are helping with expertise and funds for the improvement of housing conditions in the slum areas and in the inner city. They are involved mainly in increasing public awareness for the problems of degradation of housing stock and the urban housing areas by sensitizing, organizing the communities in CBOs and being intermediate between them and public sector.

*Donor agencies* are involved in financing many projects going on in different parts of Albania. They are focused mostly in the project for the improvement of living condition reduction of the poverty, etc.

## 5. Partnerships for Urban Housing Rehabilitation

Samples were identified in the inner city of Tirana. The projects that were chosen for the case study covers the existing types of partnerships that have been performed in Tirana city during the last 4 years. They concern with the role of the public sector, the private sector, the residents and NGOs in housing rehabilitation. The research evaluates four different forms of partnerships through analyzing of the case studies of urban housing rehabilitation projects implemented in Tirana.

To analyse the co-operation of different partners in urban and housing rehabilitation projects I have analysed the performance based on the participation and contribution on different phases of the project. The valuation of contribution could be based in terms of finance, time, labour, materials and ideas used in the project by partners. A partnership matrix was prepared and filled with data gathered for each project. In very short the results were:

### 1. Case study "N. Frasher"i Street

In this case study the municipality is acting alone without being in partnership with the private sector and the community.

### 2. Public-community partnership, case study "1 May" Neighborhood

This case study is classified as *Public Community Partnership*. The public sector, the ministry and the municipality departments are co-operating with an NGO and residents acting together in partnership for the neighbourhood rehabilitation. But the partnership was not institutionalised and limited in this pilot project.

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<sup>5</sup> The bank is in the process of privatization and is not allowed to give loans.

<sup>6</sup> There are more then 300 NGOs, mostly situated in Tirana city, and only 50 of them are really active. Many of them are operating in business bases working basically for foreign organization in the projects with communities.

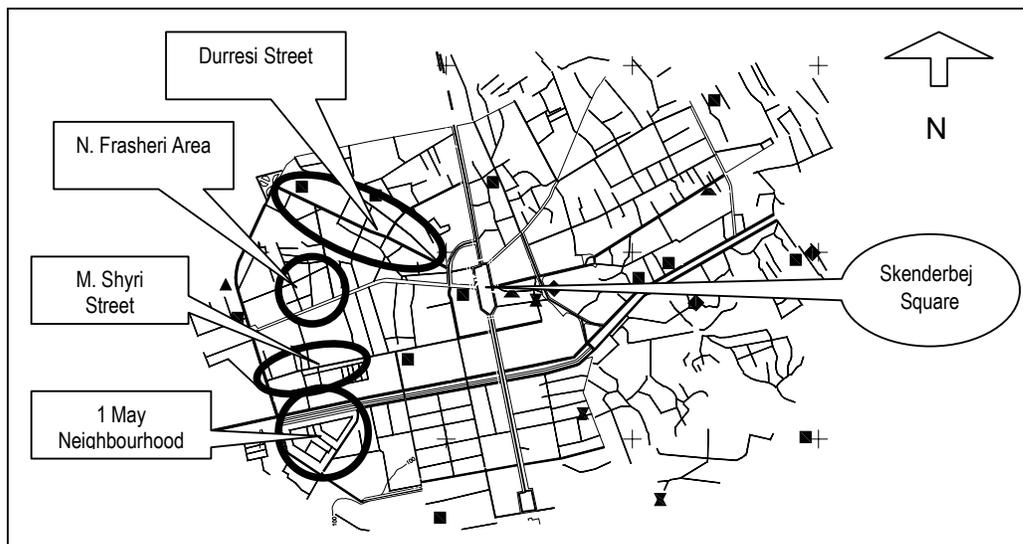
### 3. Case study “Duresi” Street and “M. Shyri” Street

In those case studies the municipality was the main actor. It was evident a starting of *Public Private Partnership* but this was limited by the low contribution of trade subjects in “Duresi” Street. The *Public Private Partnership* was successful in “M. Shyri” Street. Although the big promotion of the projects and the sensitising of residents they do not contribute financially.

### 4. Informal alterations

During the fieldwork research were identified many cases of *Private Community Partnership* for alterations and renovations projects. Because the projects are informal the public sector does not participate. Both parties the informal private sector and the group residents or individuals are in partnership and share risks and responsibilities. They do not pay taxes and are in continuous pressure of construction police and municipality. This form of partnership have been developed in the past yeas and spread in all kind of informal interventions in residential buildings.

The situation of samples in the inner city of Tirana is presented in the figure.



**Figure 4:** Selection of samples of urban housing rehabilitation in Tirana.

## 6. Different Partners and the PPCPs

According to the survey done and the results of case study analyses I found that different partners have different perceptions about participation in urban and housing rehabilitation because “*all the actors and institutions involved or potentially involved in urban planning are acting in, what seems to them, a logical and reasonable manner, based upon their understanding of the incentives for their actions.*” (Schiller 1991: 23) The partners are co-operating in the rehabilitation projects for their mutual benefits. The actors have entered in partnerships only when they believed that the benefits were bigger than their contribution, when incentives were bigger than constraints.

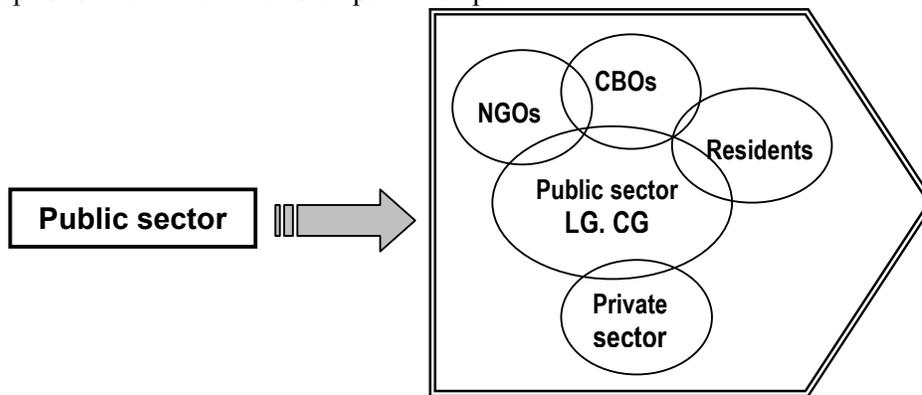
From the case studies it seems evident that there are two main actors influencing the urban housing rehabilitation in Tirana, the public sector and the residents but they have worked separately. The municipality is working with large-scale rehabilitation projects that are tackling only the facades of residential buildings. The residents are improving their individual apartments. Results of lack of co-operation are the informal alterations of residential buildings, which have created many problems. The formal private sector, which can be an

important partner for the public sector and the community in housing rehabilitation projects, is not interested because of unfair concurrence with informal sector and low profits. As results there are different forms of partnerships going on but there is not any real case of Public Private Community Partnership in urban and housing rehabilitation projects in Tirana.

The co-operation between different partners in urban and housing rehabilitation projects is analysed in the case studies by reviewing their performance. To have a good picture of co-operation is also necessary to analyse the incentives and constrains that influence actors' participation. Taking in consideration the results from the analysis of case studies also the partnership experiences of other projects that have been implemented in Tirana, some important observations can be made. Below an analysis is done for the different incentives and constrains that affects three partners toward cooperation with each other.

### The Public Sector and PPCP

The role of public sector in market economy lies more in policy formulation and as initiator and coordinator of partnerships for urban housing rehabilitation. It could play an essential role in setting up the legal and regulatory framework within which the other actors can play their role more effectively. In Tirana this is lacking. The field research shows that the officials in the central government and in the municipality of Tirana have different perceptions and achievements on partnerships.



**Figure 5:** Public sector to partnerships in urban housing rehabilitation.

The Ministry of Territory Regulation and Tourism does not have direct contacts with the private sector and the community, and insufficient co-operation with the local government because of delays in decentralization. They argue that partnership is an important tool for housing rehabilitation. Their work is focused more in policy formulation and legal framework, but there is no co-operation with other actors interested in housing.

The municipality of Tirana<sup>7</sup> has direct contacts with the private sector and the community but there are several constraints to be solved for an institutionalized co-operation and participation of all actors interested in urban housing rehabilitation. There is no policy and guidelines for partnerships formulated, which can make clear the role and relations between actors involved in urban housing rehabilitation. The collaboration is relatively weak with the communities and private sector. Tentative to involve the residents in the rehabilitation projects, which were done with the aim to sensitize them and to make aware of living environment, have resulted insufficient. The participation and contribution has been limited. The residents have loose confidence to authorities and government because of long period of

<sup>7</sup> Since 2000 the Department of Project Management and Coordination in the Municipality of Tirana is managing and co-ordinating all types of the municipality projects with partners the community, the private sector and potential donors (foreign or national).

unstable institutions. In the rehabilitation projects that are focused more in improvement of infrastructure, roads and sidewalks better results of co-operation were realized with the private sector (shopkeepers). In some cases this happened because of municipality pressure, promise for formalizing informal alterations (case “M. Shyri” Street).

Taking in consideration the results from the analysis of the case studies and the other projects that have been implemented in Tirana, the analysis of incentives and constraints that have affected the private sector toward cooperation with the public sector and the community is shown in the table below.

**Table 3: Incentives and constrains of public sector in partnership with other actors.**

	<b>INCENTIVES</b>	<b>CONSTRAINS</b>
<b>Institutional</b>	<ul style="list-style-type: none"> <li>- Decentralization and democratization</li> <li>- New housing policy</li> <li>- Partnership policy</li> </ul>	<ul style="list-style-type: none"> <li>- Unstable institutions</li> <li>- Top down approach of central and local government and political interference</li> <li>- A slow decentralization reform</li> <li>- Limited competencies at local level</li> <li>- Nepotism, bureaucracy and corruption</li> <li>- Lack of human resources capabilities</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>- Improvement of legal framework</li> <li>- Setting up guidelines, rules and regulations for partnerships</li> </ul>	<ul style="list-style-type: none"> <li>- Inappropriate legal framework for housing maintenance and rehabilitation</li> <li>- Lack of laws, rules and regulations for partnerships</li> <li>- Lack of planning/plans to guide urban housing rehabilitation</li> <li>- Legal acts not being reviewed with regard to their applicability and realism</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>- Private money</li> </ul>	<ul style="list-style-type: none"> <li>- Limit budget</li> <li>- Lack of financial resources</li> <li>- Lack of appropriate financial instruments</li> </ul>
<b>Organizational</b>	<ul style="list-style-type: none"> <li>- Private sector expertise</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of organizational and management capabilities</li> <li>- Unclear division of labour among government agencies</li> </ul>

### The Private Sector and PPCP

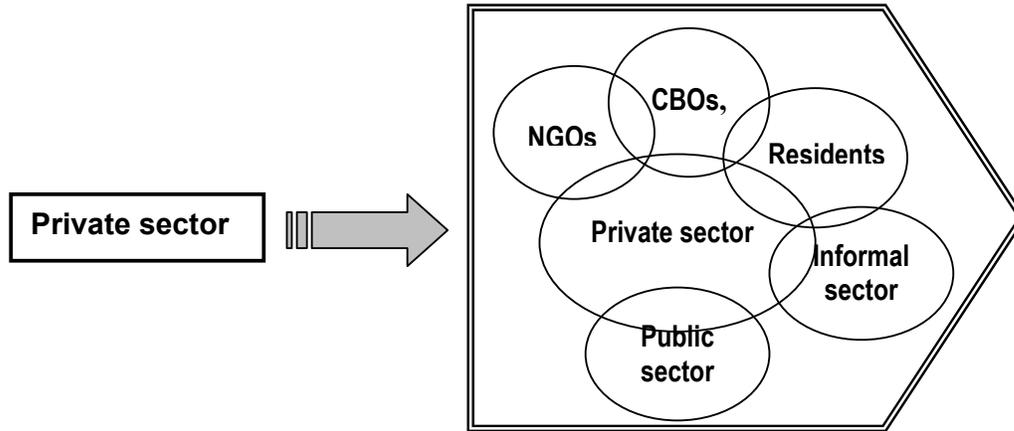
The private sector operates in Tirana on formal and informal way. The formal private sector can enter in partnership with public sector and the community (residents, CBOs, NGOs). The informal sector<sup>8</sup> cannot be partner with public sector but it is more able to make agreement with residents for mutual benefits.

Because schemes involving private sector participation are primarily directed to the objective of securing private capital, the private sector operates only if there are adequate returns of investment. Involvement of formal private sector developers in partnerships with public sector and community for medium-scale housing rehabilitation projects in Tirana city has been limited because constrains are bigger than the incentives<sup>9</sup> (it has normally been unable to provide profits or profits are much smaller then in new construction market). The private sector (shopkeepers) has been more interested in the rehabilitation projects that are

<sup>8</sup> Informal sector is much more developed in the construction sector, and specifically in house renovation. The authorities are not able to control this activity done in agreement with house owners for common profit interest (no fee for the government taxes)

<sup>9</sup> There are possibilities for formal private sector partnership with public sector if the housing rehabilitation project is integrated in a larger context of renewal and urban development then the project, as a whole will make profit.

focused in improvement of infrastructure, roads and sidewalks, which influence directly their business. The formal private sector can have contacts with different departments of the municipality but this is not institutionalised. In the process of collaboration with the public sector the private sector is sceptic, there is no tradition and culture of collaboration, and they do not consider the municipality as a partner. There are no rules for collaboration and the possibility for corruption is high.



**Figure 6:** Private sector to partnerships in urban housing rehabilitation.

Constraint for the co-operation between the formal private sector and the community is the informal market. The formal construction companies find unfair competition from the informal sector in the housing renovation market. The formal and informal sectors in some cases are co-operating with each other for common benefits (hiding for taxes).

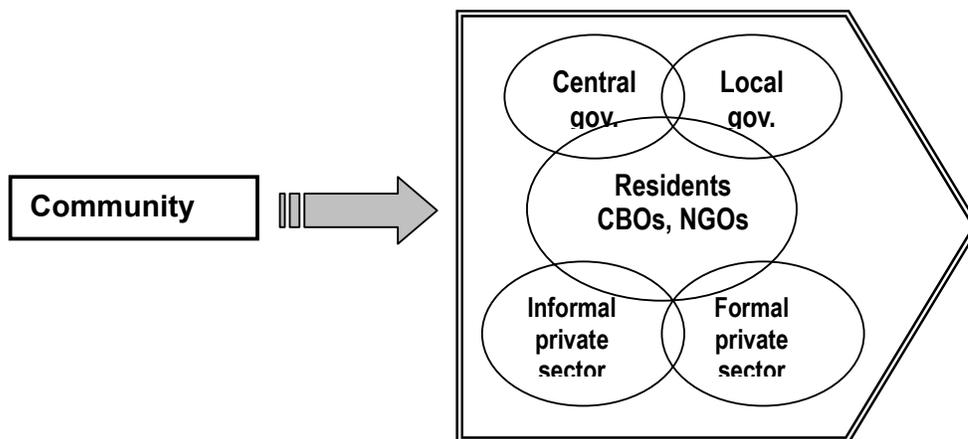
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**Table 4: Incentives and constrains of private sector in partnership with other actors.**

	<b>INCENTIVES</b>	<b>CONSTRAINS</b>
<b>Institutional</b>	<ul style="list-style-type: none"> <li>- Decentralization, deregulation, less intervention and privatization</li> <li>- Involvement in policymaking, planning and implementation</li> <li>- Open competition</li> </ul>	<ul style="list-style-type: none"> <li>- Unstable institutions</li> <li>- Barriers for the involvement in policymaking, planning and implementation</li> <li>- Patronage, bureaucracy and corruption</li> <li>- Political preferences</li> <li>- Lack of access to public information records</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>- Protection of property right</li> <li>- Enabling rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of enabling rules and regulations for partnerships</li> <li>- Lack of planning/plans to guide urban housing rehabilitation</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>- Tax relief for housing rehabilitation</li> <li>- VAT reduction</li> <li>- Access grants and subsidies concessions and privatization</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of well-developed financial services and credit systems</li> <li>- Lack of access to public money (grants and subsidies) and public concessions</li> <li>- Unsafe environment for investments</li> <li>- Unfair competition of informal sector</li> </ul>
<b>Organizational</b>	<ul style="list-style-type: none"> <li>- Small scale projects</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of organizational ad technical capabilities</li> </ul>

### Community and PPCP

Participation of the residents, CBOs and NGOs in housing rehabilitation projects in Tirana depends on many factors, some of them are internal (motivation, understanding and capability of the NGO/CBO itself) some are external (government regulations and restrictions, cultural attitudes, etc.).



**Figure 7: Community sector to partnerships in urban housing rehabilitation.**

The residents living in the existing housing stock are not organized in housing associations. The ineffective legal framework for the condominium, housing maintenance and renovation lived the residents without e legal base for maintaining their dwellings and for co-operation between them. When the municipality has a project idea<sup>10</sup> NGOs are used as intermediary

<sup>10</sup> Example: rehabilitation of “Durresti” Street, “1 May” Neighbourhood

between the communities and the municipality for sensitizing, increasing their awareness for the project and organizing them in condominium association.

The partnership of residents, living in the existing housing stock, with public sector is lacking. Except them living in the ground floor of the apartment buildings in the main streets, which use their apartment unit for retail services, the other residents do not participate in rehabilitation projects. They are skeptic and waiting that everything in the common property has to be done by the municipality. One of the reasons is the past experience of socialist time when the state was taking care for the maintenance of the common property. According to the head of Facades Department in the municipality of Tirana in the case of housing rehabilitation projects, undertaken by municipality, there are individual reactions from the residents for the demolition of their informal alterations<sup>11</sup>. NGOs active in urban housing rehabilitation are limited in number. NGOs interested in different project can find the municipality support but the collaboration is not institutionalized.

The analysis of incentives and constraints that have affected the private sector toward cooperation with the public sector and the community is shown in the table below.

**Table 5:** Incentives and constrains of community in partnership with other actors.

	<b>INCENTIVES</b>	<b>CONSTRAINS</b>
<b>Institutional</b>	<ul style="list-style-type: none"> <li>- Decentralization and democratization of institutions</li> <li>- Involvement in policymaking, planning and implementation</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of involvement in policymaking, planning and implementation</li> <li>- Bureaucracy of public administration</li> <li>- Top down approach of public institutions</li> <li>- Continuous civic disobedience</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>- Legal enforcement</li> <li>- Improved condominium law</li> <li>- Housing privatization</li> </ul>	<ul style="list-style-type: none"> <li>- Inappropriate legal framework for housing maintenance and rehabilitation</li> <li>- Ineffective condominium law</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>- Subsidy by the state</li> <li>- Bank credits, mortgage loans</li> <li>- Remittances and donor support</li> <li>- Existence of private savings</li> </ul>	<ul style="list-style-type: none"> <li>- Low income and poverty</li> <li>- Low affordability - high rehabilitation prices-to-income ratio</li> <li>- Lack of subsidy</li> <li>- Undeveloped collateral system</li> </ul>
<b>Organizational</b>	<ul style="list-style-type: none"> <li>- Increase role of NGOs</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of organization set up of residents in housing association</li> <li>- Organizational and technical capabilities</li> </ul>

## 7. Conclusion on Constraints for the Performance of Partners

After analyzing the performance of different partners in the urban housing rehabilitation projects some conclusions can be drawn for the institutional, legal, financial and organizational constraints that the actors face participating in the process.

### Institutional Constraints

- Unstable institutions, the top down approach of central and local government, slow decentralization reform, limited competencies at local level, nepotism, bureaucracy and corruption, lack of human resources capabilities, are the most serious obstacles for the public institutions for their performance and co-operation with other actors in urban housing rehabilitation.

<sup>11</sup> The municipality is working that the community act positively by demolishing by themselves otherwise it is used the intervention of municipality police.

- There is weak cooperation and coordination between different ministries in central government (the Ministry of Territory Regulation and Tourism, the Ministry of Local Government, the Ministry of Development and Trade and the Ministry of Agriculture and Environment) and between central, district and local government for housing and urban development.
- There is no clear strategy, policy and guidelines formulated by the central government (Ministry of Local Government) and local government (municipality of Tirana) that could lead the public sector to use different partnerships as an important instrument for urban housing rehabilitation, infrastructure and service related.
- There are political interferences in the plan preparation and setting up partnerships with the private sector, which affect the goals of public betterment.
- Barriers for the involvement of the private sector and the residents in policy making, planning and implementation, political preferences, lack of formal access to information records, lack of trust and understanding between actors, and lack of partnership rules and regulations, are the most serious obstacles for the municipality to set up partnerships with the private sector and the community.

### Legal Constraints

- Inappropriate legal framework for housing maintenance and rehabilitation, ineffective condominium law, lack of planning and plans to guide urban housing rehabilitation had led to deterioration of urban housing stock, informal alterations and to weak co-operation and collaboration of all actors in housing maintenance and rehabilitation.
- Legal acts are not being reviewed with regard to their applicability and realism and the sanction prevented are not respected and applied.
- There are no laws, rules and regulations, for partnerships developed, which can guide the public sector and the other partners in process of forming effective partnerships and of enabling their participation.

### Financial Constraints

- Limit budget from central government and lack of the local government financial resources that results from narrow scope of taxation, low tariffs, low collection rates, and the paucity of appropriate financial instruments, act as constraint for the municipality in financing the urban housing rehabilitation and the related infrastructure and services.
- Lack of access to public money (grants and subsidies) and public concessions, unsafe environment for investments, lack of well-developed financial services and credit, lack of financial incentives and tax relief systems, and unfair competition of informal sector, make difficult involvement of the formal private sector in urban housing rehabilitation and management.
- According to the affordability survey the households living in privatised apartment buildings cannot afford the cost of the maintenance and renovation of their buildings.
- Low income and poverty, high rehabilitation prices-to-income ratio, no subsidy for housing maintenance and rehabilitation, lack of mortgage loans make difficult and quite impossible for the low and medium income households to participate and co-operate in condominium and with authorities, for the maintenance and rehabilitation of the residential buildings and infrastructure related.

### Organizational Constraints

- Unclear division of labour and responsibilities between the central government (the Ministry of Territory Regulation and Tourism with the National Housing Agency as

implemental body) and the local government (municipality with inefficient and inactive Municipal Company<sup>12</sup>) for the maintenance housing stock and rehabilitation.

- Absence of a coordination body (ex. Housing Foundation), which could involve the central government, the local government, academic institutions, the private sector, the financial sector, NGOs, CBOs and the residents, for co-ordination of the housing maintenance and rehabilitation practices and projects, is another constraints.
- Lack of management, organizational and technical capabilities, lack of contractual arrangements are some of constraints for the local private sector to be involved in medium and large scale urban housing rehabilitation and infrastructure related.
- Distrust, difference in attitude, lack of solidarity and confidence between residents, which has led to low co-operation in condominium and lack of community organizations, has decreased the possibility of community to be active in partnership with the public sector and to co-operate with private sector for the housing maintenance and rehabilitation of common property.
- The limit number of NGOs is a constraint for sensitizing the residents to be involved in urban housing rehabilitation programs, for organizing them in CBOs and for the improvement of their cooperation with the public sector.

## 8. Final Conclusions

Lack of cooperation between the public sector, the private sector and the community, in urban housing rehabilitation in Tirana, was observed since the beginning of the research and become more evident after the analyses the performance of different partners in the case studies. According to the research results the following conclusions can be drawn.

- In urban housing rehabilitation projects in Tirana there is lack of co-operation *between actors*, and although the theoretical possibilities, there is no real case of Public Private Community Partnership. One reason is that one actor or some of them are not interested in housing rehabilitation projects because there are more constraints than incentives for performing in urban housing rehabilitation and for working in partnerships. Other reasons are inefficient legal framework for housing maintenance, rehabilitation and condominium, lack of planning and plans to guide urban housing rehabilitation, and lack of rules and regulations for partnerships.
- Lack of co-operation between the municipality and the private sector and residents in the cases of informal alterations of residential buildings, mostly have created big problems in the efficiency of these interventions and loss of valuable resources. The efficiency of the projects and intervention has been improved in the cases when the private sector and/or residents have collaborated with the municipality.
- The best performance in urban housing rehabilitation of the public sector, the private sector and the community was achieved where the incentives for the co-operation have been bigger than constraints (case of shopkeepers participation).
- Theoretically there are possibilities for the development of Public Private Community Partnerships for urban housing rehabilitation in Tirana. But the road toward synergic partnerships in Tirana will be long because of bottlenecks and obstacles. In meantime use of different forms of partnerships, which can involve different actors interested, could be the best solution and if this is not the ideal Public Private Community Partnership.

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<sup>12</sup> Ex Municipal Dwelling Company which nowadays status and function is not clear. The company still is in the charge of housing privatization after the abolishment of previous administrative and management function. The company is budgetary and it is involved in the rehabilitation works done with the municipality finance.

Arriving into complex forms of partnerships will ask much more organization efforts, which in terms of profitability and effectiveness can corrupt the projects.

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