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THE HOUSING SITUATION IN EUROPE AND RECENT TRENDS

Prepared by the Secretariat of UN Economic Commission for Europe

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The Latin American Demographic Centre

The Inter-American Housing and Planning Centre

1. The European housing situation and housing policies are regularly reviewed and discussed by the Housing Committee of the UN Economic Commission for Europe. The Housing Committee, like other committees of the ECE, is an all-European inter-governmental organ in which the United States of America also is represented and in which take part the representatives of the UN specialized agencies and the international professional and technical non-governmental organizations concerned with various aspects of housing, building and planning. There are generally at least two series of housing meetings a year, consisting of at least one annual plenary session of the Committee and of subsidiary Committee meetings. The Housing Committee's spring meeting is generally followed by a study tour to one or more member countries. The annual and long-term programmes of work are formulated and adopted by the Committee. The work is carried out partly by the Secretariat and partly and to a growing extent by or with the help of expert rapporteurs, provided freely for this purpose by the participating governments. The work is guided and co-ordinated and the Committee serviced by a small staff of professional international civil servants who are part of the United Nations Secretariat. The Committee's current and future activities, indicating where necessary reference to recent work are summarized under the following headings:

Economic aspects of housing policy

2. Once a year the Committee holds a full debate on European housing progress and policies. Every other year the Secretariat prepares and publishes a report describing and analysing major changes in housing policy.^{1/}

^{1/} The latest such report was "European Housing Trends and Policies in 1960", ECE, Geneva (ST/ECE/HOU/2). Two important charts given in this report and relating to house-building activities and the housing situation in European countries are reproduced in Appendix I (a), (b) and (c).

3. Problems of housing finance have continued to occupy the Committee's attention. A comprehensive study on the subject with special reference to public financial aid, was published in 1958.^{2/} The main findings of this enquiry and which are still valid are reproduced in Appendix II. A pilot enquiry on the private financing of housing was completed in 1961.

4. A new enquiry into the housing situation of European countries has been undertaken. The study will review the 1960 housing situation and its quantitative and qualitative features, the trends of changes in the housing situation over the last decade or so, the housing supply, requirements and shortage in 1960 together with future objective housing requirements. This report will extensively draw on data made available by the housing and population censuses undertaken in 1960/1961 in practically all European countries. A methodology for preparing the country monographs on the basis of which the enquiry will be made has been drawn up.^{3/} In connexion with this report the problems of assessing future effective demand for housing are equally being studied.

5. A study on major problems of government housing policies is being undertaken. This study will include an analysis of the changing aims of housing policy and the instruments of housing policy, with an assessment of the advantages and disadvantages of different approaches in the light of actual experience in different countries.

6. An enquiry on housing for the elderly is about to be carried out.

Housing and building statistics

7. The Committee, through its standing Working Party on Housing and Building Statistics (a) advises the Secretariat on the preparation and issue of the Annual Bulletin of Housing and Building Statistics for Europe and a quarterly summary table of current house-building activities;^{4/}

^{2/} Financing of Housing in Europe, ECE, Geneva, 1958 (E/ECE/328).

^{3/} Document HOU/Working Paper N°143.

^{4/} The first number of the Annual Bulletin was published in 1958; the quarterly summary table replaces from the beginning of 1962 onwards the previously published Quarterly Bulletin of Housing and Building Statistics for Europe, which was first issued in 1953.

(b) examines statistical problems relating to the housing situation and housing requirements and to various aspects of housing and building activities; and (c) exchanges information on problems of collecting current housing and building statistics. Work in this field takes into account that of both the ECE Conference of European Statisticians and the United Nations Statistical Commission. A European programme for current housing and building statistics is being elaborated in co-operation with the Conference of European Statisticians.^{5/}

Technical aspects of housing policy, with particular reference to reducing the cost of house construction

8. A comprehensive report on the effect of government measures designed to promote the technological development of the building industry, to reduce housing costs and to improve or increase productivity was published in 1959.^{6/} The findings of this enquiry are reproduced in Appendix III. Arising largely out of recommendations from this report, the following specific projects have been undertaken:

- (a) an ad hoc meeting on standardization and modular co-ordination was held in the summer of 1959 to consider the practical application of standardization from the point of view both of reducing building costs and of developing trade in building materials and components.^{7/} This was followed by another ad hoc meeting on preferred dimensions of large building components. Developments in this field are kept under regular review by the Committee;
- (b) a comprehensive report, together with illustrations, on the utilization of space in current types of dwellings was published in 1959;^{8/}

^{5/} Document HOU/Working Paper N°120.

^{6/} Government Policies and the Cost of Building, ECE, Geneva, 1959 (E/ECE/364).

^{7/} Proceedings of the Ad Hoc Meeting on Standardization and Modular Co-ordination in Building, ECE, Geneva, 1959 (E/ECE/361).

^{8/} Utilization of Space in Dwellings, ECE, Geneva, 1959 (E/ECE/350).

- (c) an enquiry into trends in house-building costs and the elements thereof is almost completed. The purpose of this enquiry is also to throw light on the reasons accounting for different levels of cost and the specific factors affecting them;^{9/}
- (d) an enquiry is also nearly finished on the effect of repetition on the cost of production of selected building materials and components;^{9/}
- (e) an enquiry is in progress on the economic and technical aspects of the lifetime of a house with particular reference to the analysis of factors affecting maintenance costs and to the relationship between initial and ultimate costs of building materials, components and complete dwellings.^{9/}

Town and country planning

9. A first inter-governmental symposium on urban renewal policies and programmes with special reference to problems of conservation, rehabilitation and redevelopment was held in 1961. The report on the proceedings was published.^{10/} Follow-up work is in the hands of the newly created standing Working Party on Urban Renewal and Town Planning Aspects of Housing.
10. A study on problems of rural housing was published in 1962,^{11/} the conclusions of which are reproduced as Appendix IV.
11. A pilot field enquiry on the planning and cost of different types of layout for new residential areas has been completed in 1962 (HOU/Working Paper N° 145).
12. The Committee is making a contribution to a United Nations European Seminar on problems of urbanization which will be held in the autumn of 1962 in Poland.
13. A study has been started in 1962 on policies on the allocation of land and the control where appropriate of land prices for housing projects.

^{9/} These three enquiries will be combined into a single report for publication by about the end of 1962.

^{10/} Report of the Urban Renewal Symposium, ECE, Geneva, 1962 (ST/ECE/HOU/4).

^{11/} The Rural Housing Situation, ECE, Geneva, 1962 (ST/ECE/HOU/3).

Housing problems in countries in the course of industrialization

14. Seminars are organized from time to time on specific subjects of interest to the developing countries in Europe, with the participation of experts freely provided from the more industrialized countries. The first of such seminars was held in 1961 in Yugoslavia and dealt with problems that arise in the preparation of housing surveys and housing programmes. A report on the Seminar was published.^{12/}

15. The Committee also makes an effective contribution to the "long-range programme of concerted international action in the field of housing and related community facilities" carried out by the United Nations family primarily for the benefit of the developing countries in other parts of the world. This contribution has largely consisted so far in making available the results of the Committee's work, in helping to organize seminars and expert meetings on specific subjects and in providing host facilities for study tours.

Development of contacts and technical co-operation

16. There has been a growing collaboration between the Housing Committee and the more important international professional and technical organizations, many of which take an active part in carrying out the Committee's work.

17. The Committee shares experience also through comprehensive study tours which are organized for this purpose once a year. A long-term programme of group visits to different countries has been established. Such visits have taken place in the past to Switzerland, France, Poland, Belgium, the Netherlands, Austria, Czechoslovakia, Italy, the USSR, the four Northern countries, the Federal Republic of Germany and to Ireland and the United Kingdom. The next visits, in 1963, will be to France, Portugal and Spain.

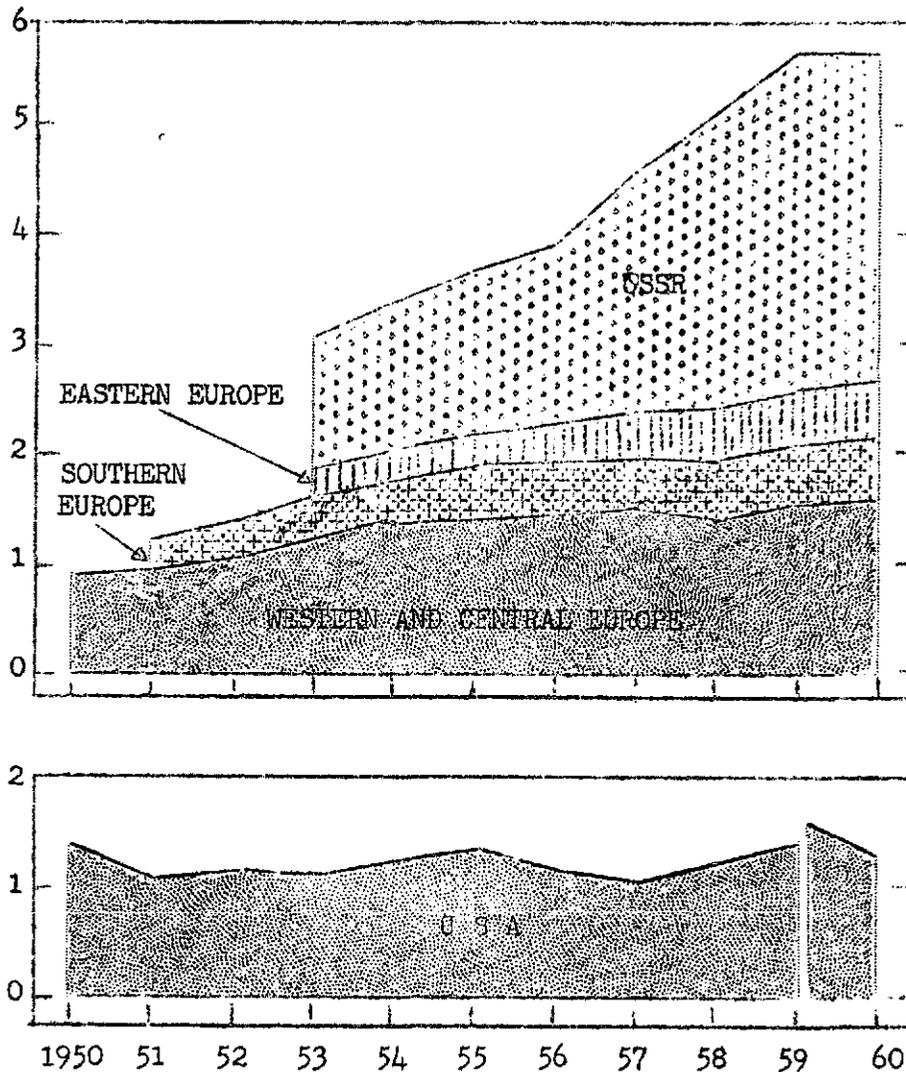
^{12/} Report on Seminar on Housing Surveys and Programmes, with Particular Reference to Problems in the Developing Countries, ECE, Geneva (ST/ECE/HOU/5).

Appendix I (a)

HOUSE-BUILDING IN EUROPE ^{a/} AND THE UNITED STATES ^{b/} (1950 - 1960)

(In millions of dwellings)

Natural scale



Source: Annual Bulletin of Housing and Building Statistics for Europe, United Nations, Geneva.

a/ The countries included in each area are as follows:

Western and Central Europe: Austria, Belgium, Denmark, Finland, France, Ireland, Netherlands, Norway, Sweden, Switzerland, United Kingdom and Western Germany;

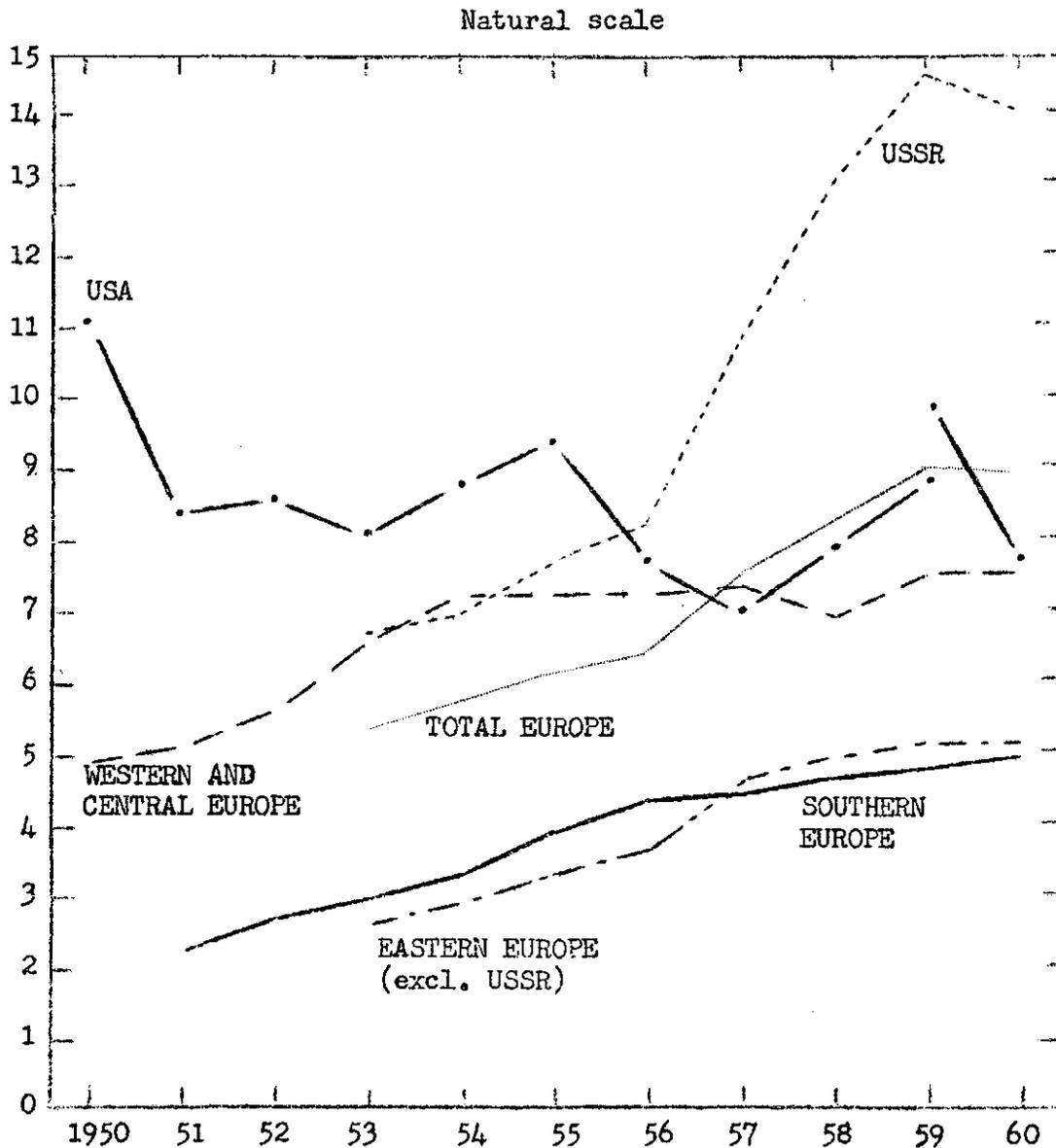
Southern Europe: Greece, Italy, Portugal, Spain and Yugoslavia;

Eastern Europe: Bulgaria, Czechoslovakia, Eastern Germany, Hungary, Poland and Romania.

b/ From 1950 to 1959 the data for the United States are represented by the "old" series of non-farm dwellings begun, amounting to 80 - 90% of all dwellings begun in that period. Since 1959 the "new" starts series has provided the number of all dwellings begun, including farm dwellings, the latter representing in the new classification some 2% of the total.

Appendix I (b)

HOUSE-BUILDING IN EUROPE ^{a/} AND THE UNITED STATES (1950 - 1960)
(In dwellings per thousand inhabitants)



Source: Annual Bulletin of Housing and Building Statistics for Europe, United Nations, Geneva.

a/ The countries included in each area are as follows:

Western and Central Europe: Austria, Belgium, Denmark, Finland, France, Ireland, Netherlands, Norway, Sweden, Switzerland, United Kingdom and Western Germany;

Southern Europe: Greece, Italy, Portugal, Spain and Yugoslavia;

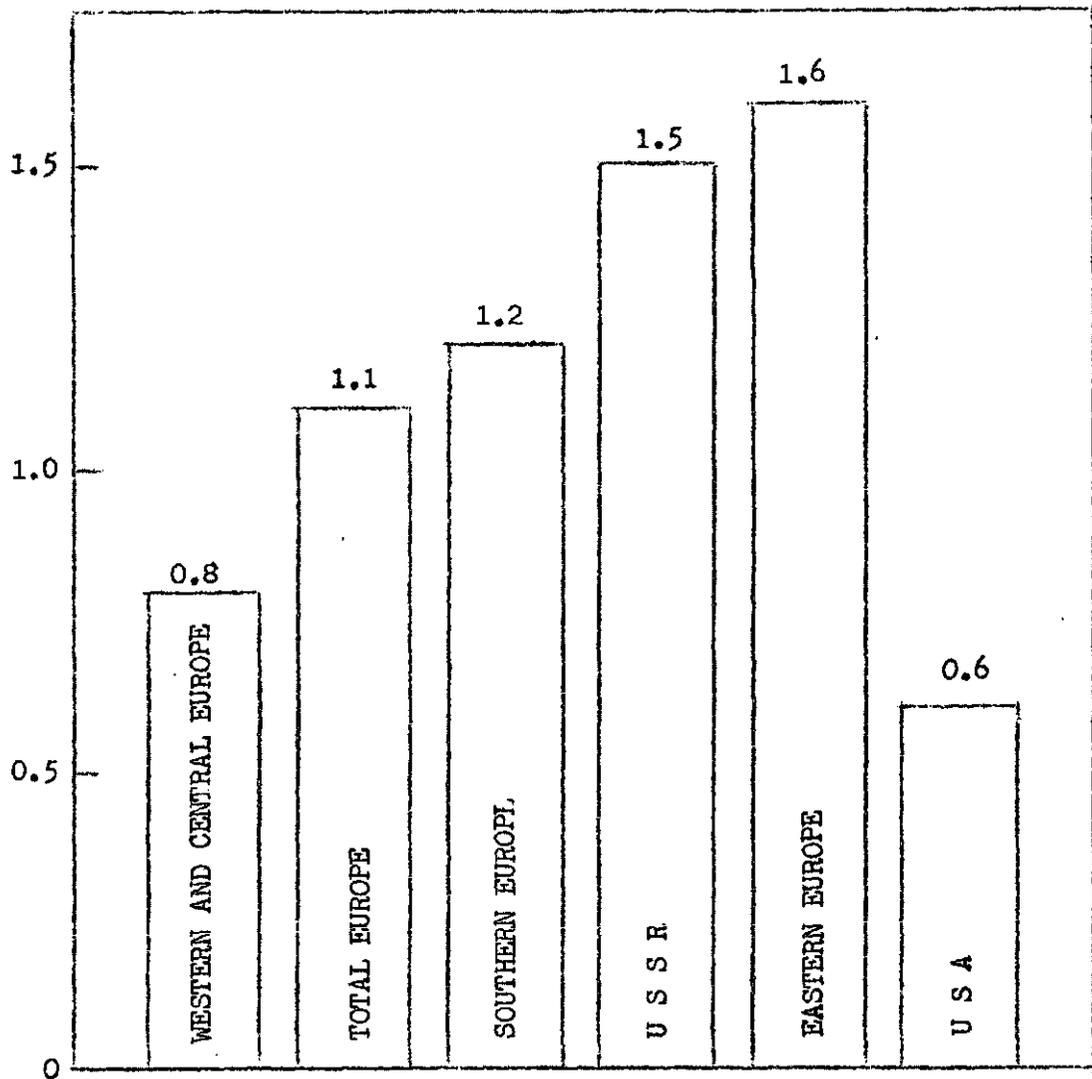
Eastern Europe: Bulgaria, Czechoslovakia, Eastern Germany, Hungary, Poland and Romania.

For Greece and Romania the 1960 figure is a Secretariat estimate.

Appendix I (c)

ESTIMATED NUMBER OF PERSONS PER ROOM IN EUROPE ^{a/} AND THE UNITED STATES ^{b/} IN 1960

Natural scale .



Source: Annual Bulletin of Housing and Building Statistics for Europe, United Nations, Geneva.

^{a/} The countries included in each area those given in Appendix I (b) under ^{a/}, with the exception of Eastern Germany and Romania, which have been excluded from Eastern Europe.

^{b/} For the United States the data relate, from 1950 - 1959 to the "old" series of non-farm dwellings begun and, for 1959 and 1960, to the "new" series of non-farm dwellings begun (see note ^{a/} to Appendix I (a)).

Appendix II

FINANCING OF HOUSING IN EUROPE

Some Policy Issues With Special Reference to Public Financial

Aid To Housing

The Volume of House Construction

Throughout most of Europe, there is still a housing shortage. There is over-crowding, and in many countries a substantial proportion of dwellings no longer conforming to modern standards. In most countries, the rate of improvement in the housing situation is slow, and in some there is even a certain deterioration.

The financing both of the existing or, where required, increased volume of house construction and of the maintenance of existing stock depends largely on decisions on general economic policy. A continuing and growing supply of capital funds for housing may involve either diversion of funds from other forms of investment, or an increased rate of total savings. Making effective the underlying demand for new and better dwellings depends on the level and distribution of incomes, interest-rate policy and the provision made in public budgets for the heavy public financial aid inevitable in almost all European countries at present levels of building costs, incomes and interest charges.

Satisfactory housing progress also depends on decisions which are strictly within the sphere of housing policy. The capital cost of a dwelling in terms of income is at the root both of the investment problem and of making demand for new dwellings effective. There have, in fact, been favourable developments in a number of countries in this relationship in recent years, owing partly to higher building productivity, but mainly to the growth of incomes. Further improvement in the efficiency of the building industry appears to afford wide scope for government policy.^{13/}

^{13/} See: "Government Policies and the Cost of Building," ECE Geneva 1959 (E/ECE/364).

The cost of a dwelling in terms of income is also affected by the size and quality of dwellings erected. Government policies in this sphere usually bear primarily on dwellings erected with public financial aid. The minimum standard for a dwelling which is socially acceptable has increased considerably during the last half century, and this has tended to offset increased productivity in the building industry or the growth in incomes. This general trend seems likely to continue to a greater or lesser extent; in many countries, the quality of dwellings - and particularly social dwellings - is still regarded as unsatisfactory in such respects as area, number of rooms, equipment, or standard of construction. It is therefore frequently regarded as socially justifiable that better quality should continue to offset reductions in the cost of a dwelling in terms of income. It may also be argued that in the long run it is better policy to build dwellings of a high standard rather than run the risk of too many dwellings which are likely to be classified as sub-standard before the end of their technical life. On the other hand, it is important to construct as many dwellings as possible out of the resources devoted to house-building. A choice of this sort is particularly difficult in the less developed countries, where social standards tend to be influenced by those of the more advanced countries, but where housing needs, in relation to economic resources, would seem to dictate a short-term policy based on the simplest and cheapest possible dwellings. It may also be argued that some of the private savings available for house-building would be lost if the savers are not able to build the high-quality dwellings they want and can afford.

Some countries have clearly decided to reduce costs by putting the need for a separate dwelling per family higher than that for spacious accommodation. It may well be that others will find it necessary to review their policy in this connexion, given the cost of a dwelling in terms of average incomes, the lack of recent progress in improving the housing situation, and the possibility of distributing resources available for housing over a greater volume of dwellings of more modest size and standard. At the same time there remain considerable possibilities of

/effecting economies

effecting economies without reducing standards, through more economical design.^{14/}

The volume of house construction depends in the last analysis on the extent to which government policies are successful in utilizing all potential resources, material and economic. The desire for better living accommodation is so strong and widespread that in practice not one, but many ways of mobilizing all potential resources have to be used. This is reflected in the growing diversity of housing policy in some countries in recent years, particularly with a view to encouraging personal effort and the mobilization of local resources; there is no doubt scope for further developments of this kind.

The cost of a dwelling is also affected by inflation resulting from too much pressure on the building industry, or by systems of public financial aid which fail to provide suitable incentives to economy. Over-demand must necessarily be considered within the whole framework of the construction industry, and therefore of over-all investment policy. Most countries attempt to ensure that the costs of dwellings eligible for public aid are kept down by, for example, fixing limits to the size or type of accommodation eligible for aid; by attempting to promote the principles of competition in the building industry; or by exacting the maximum possible personal contribution in money or in kind. This in turn emphasizes the advantage of ensuring that public financial aid is not given to an extent greater than is necessary to those in a position to pay a reasonable rent or annual charge.

In eastern Europe, a recent major policy development bearing on the problem of cost inflation has been the greater concentration of responsibility for house construction at the local level. In the past, the bulk of state house construction was carried out by central ministries in parallel with the centrally directed drive for the creation of new industrial capacity. As a result, responsibility for housing at both the central and the local levels tended to be diffuse, with adverse effects on building costs.

^{14/} The comparative study of "Utilization of Space in Dwellings", ECE Geneva 1959 (E/ECE/350) prepared by the Housing Committee is of considerable importance in this connexion.

Capital Funds for Housing

In western Europe, the main policy issues so far as the supply of capital funds in housing is concerned turn on the relative contributions from public investment, the credit market, the private provider of rented dwellings, and owner occupation. Public capital investment in housing is a measure in the first place of the extent to which public bodies construct dwellings. Public construction is undertaken so as to ensure that the most urgent social needs are satisfied in a proper order of priority, and that the public interest is safeguarded in the expenditure of capital and of subsidies. Frequently, house construction is also a natural corollary of the provision of other services by public bodies. Some countries see disadvantages in the administrative and financial burdens imposed on public authorities charged with the provision of non-profit-making housing; in the reduced participation of private effort and resources; in the difficulty of taking full advantage of private voluntary effort in management and maintenance; and in the danger that tenants of municipal dwellings may have an undue say in the management of the housing estate. The relative importance of public and private non-profit-making housing is frequently determined by tradition or by a country's system of public administration, although a preference for public housing may be a reflection of the level of earnings or of the need for slum clearance, since in practice private non-profit-making housing seems to flourish best amongst well-paid workers where there is no danger of default on rent, and no special social problems. Nevertheless, the grounds for the relative emphasis given to one system or another are not always clear. It may well be that there is scope for further development of private non-profit-making housing, and that further examination of the advantages of the system - particularly on the basis of the experience of those countries where it has been encouraged - would be valuable.

Secondly, public investment in housing is a measure of the extent to which the volume of savings available for long-term lending is inadequate and has to be supplemented by public borrowing or by taxation.

/The encouragement

The encouragement of a higher level of saving is mainly a question of general economic policy, but specific measures adopted in the housing sphere have included the improvement of security of private mortgage loans by public insurance or guarantees and the granting of income tax concessions on capital lent at long term for housing, whether directly or to mortgage institutions. The former method does not always appear to have been particularly successful in attracting new capital for house construction, but the latter seems sometimes to have been so when it has been extensively employed. The relative availability of long-term credit for housing may also reflect the comparative degree of development of the mortgage market. The numerous types of institution and the varying methods of operation suggest that a comparative study of the housing mortgage market in western European countries might be of considerable value.

Public investment in housing also consists of funds borrowed by public authorities from private credit institutions; in this case, public authorities are not augmenting the supply of capital already available, but merely redirecting it. This is done not only by public authorities themselves constructing dwellings; they also act as lending agencies for private construction. The reason for the latter procedure is that as a rule the terms on which private credit is available are such that a modern dwelling cannot without public financial aid be provided within the means of the average working-class income and, in many countries where credit is particularly dear or earnings low, of incomes much higher still. Public authorities can ease the terms on which credit is available without loss to public funds, since they can normally borrow at lower rates than private individuals and lend on a longer-term basis. Furthermore, they can control directly the social uses to which funds are applied, protect housing against fluctuations in the interest rate and in the supply of capital (owing to the implied public guarantee to maintain the supply), and frequently provide credit facilities in areas where private credit institutions are not operating. Some countries traditionally prefer that private institutions should invest directly as much capital as possible, with a supplement from public authorities by means of lower-ranking mortgages given in accordance with social objectives. The

relative emphasis appears to be based not always so much on economic calculation as on general principle, the belief in some countries that the role of public authorities should be kept to the essential minimum, and the participation of private institutions encouraged to the maximum extent. Nevertheless, the policy in fact followed is inevitably influenced by practical considerations such as the extent to which the terms of private-institution loans can be improved by redirection through public budgets, the nature and degree of organization of the private mortgage market, and the system of public administration.

The role of the private renter putting in his own personal capital is another important housing policy issue. At present, he is mainly concerned to make available dwellings with high rents - usually apartments - or he is an employer providing dwellings for his own employees; he may also be an owner occupier constructing a two-family dwelling. The contribution in the form of privately constructed dwellings to let has obviously been limited by rent control. The main difficulty, however, is that in most countries a dwelling of adequate standard within the means of an average working-class income cannot be provided without public financial aid. This is true even in countries where rent control has been removed and the level of earnings adjusted accordingly. Most countries take the view that it is preferable on social grounds to give financial aid to non-profit-making housing, or to encourage owner occupation rather than subsidize the private landlord. Some, however, encourage the private renter on the same basis as non-profit-making housing, owing to the additional capital he can bring forward, and meet social objectives by the control of rents. With the decline in personal fortunes, the private renter is dependent on a free supply of loan capital. As has been pointed out, in some countries public-loan capital is reserved for non-profit-making rented housing and for owner occupiers, and private credit institutions consider owner occupiers a better mortgage risk. A more detailed examination of the future role of the private provider of rented accommodation and the particular factors which determine his possibilities in different countries might be of considerable interest.

/The encouragement

The encouragement of owner occupation, partly through the down-payment required and partly owing to the commitment frequently involved of additional saving out of current income, is another potential method of increasing the supply of capital for housing. In some countries, housing policy tends to favour increased owner occupation with public financial aid. In others, however, housing policy tends to favour an increased supply of rented dwellings, since owner occupation is already significant and its extension would be beyond the means of so many families. More owner occupation might be achieved in some countries by confining non-profit-making rented dwellings to low-income families, or by encouraging owner occupation of apartments. Closely connected with the extension of owner occupation among low-income families are the possibilities of developing co-operative housing societies.

In eastern European countries, the supply of capital funds for housing is intimately bound up with the total supply of investment funds and over-all investment priorities, since the state controls the use made of them. In practice, a higher allocation of capital funds to housing and other social investment has necessarily meant diversion from investment, which increases productivity more directly. Two countries where investment in housing has been particularly low have considered that the separate accumulation of capital funds for housing would in their particular circumstances tend to ensure greater provision for public investment in housing.

Another policy issue of growing importance is the construction of dwellings by individuals and co-operatives for owner occupation. Construction of this kind has hitherto been the rule in rural areas, mainly with local materials. State housing has tended to be confined to urban areas where industrial development is proceeding rapidly. and, as a result, the shortage of housing is more acute. Individual construction in the towns would tend to divert scarce materials from state housing or other construction, and might not fit in with housing programmes directly geared to the development of industry. None the less, the recognition of the need to increase rapidly the rate of house construction has led to a new emphasis on the value of personal effort

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and of the additional resources which can be drawn upon from individuals or co-operatives. In practice, it is only in this way that the large reserves of local building materials can be effectively tapped. A marked expansion in individual and co-operative housing, in addition to a high level of state construction, is now being officially encouraged by state aid in the form, for example, of credits, technical advice and the provision of materials and components, and, in one country, the sale of prefabricated dwellings to individual constructors on hire-purchase terms. A comparative study of the various methods being adopted to increase individual and co-operative building might be of considerable value.

Rent Policies

In western European countries, control has prevented rents from rising to scarcity levels, has helped to keep down the cost of living, and has reduced the proportion of incomes spent on housing, which in some countries was regarded on social grounds as too high before the war. On the other hand, it has reduced the willingness and, as a result of the effect on wage levels, the ability to pay economic rents for new dwellings, and thus increased the need for subsidies. Mobility of labour has also tended to be reduced. An effective distribution or redistribution of available living-space through market forces - the only practical way in liberal economies - has been hindered, and this in turn has tended to increase the demand for new dwellings. The standard of maintenance of controlled dwellings has been affected. There has been inequity between tenants of old and new dwellings, frequently with similar earnings. The dangers of rent control can be exaggerated.^{15/} The main

^{15/} See "European Rent Policies", ECE, Geneva, August 1953 (E/ECE/170), sections III and IV. It may be recalled that one of the main problems pointed out in this report was that "in most countries, however, housing policy has tended to be directed towards mitigating the effects of rent control" (p. 28). At the same time, in looking at rent policies in a still wider context and in relation to the frequent assertion that rent control had tended to limit the total output of housing, it was pointed out that "in some countries, the true explanation of the low level of new building appears to lie in the failure of the state to recognize its responsibilities in conditions quite different from those which ruled in the heyday of the speculative builder, rather than in its failure to create conditions for successful private enterprise in building" (p.30).

difficulties in recent years have been associated with the freezing of rents at low levels rather than with rent control as such. Furthermore, the precise advantages and disadvantages of rent control vary with the number of controlled dwellings in a particular country, the relation between old and new rents and that between old rents and incomes on the one hand, and incomes and building costs on the other.

Almost all western European countries have come to regard the upward adjustment of old rents as inevitable wherever new rent/income relationships were not socially unfavourable, and provided the upward adjustment of wages normally consequential on higher rents was not disadvantageous from a wider point of view. Rents of old houses have therefore been progressively increased, the area of rent control has been reduced, and in two countries control has ended completely. But most countries consider that termination of rent control in whole or in part should depend on the elimination of serious housing shortages; the level of controlled rents has normally been increased either to make possible proper maintenance or to take advantage of a more favourable rent/income relationship. The prospect of the ultimate elimination of rent control underlines the advantage of providing subsidies on a basis that can be adjusted from time to time at changing levels of rent and changing relationships between rents and incomes, having regard to the movement of both building costs and incomes.

In eastern European countries, rents are controlled at substantially lower levels than in the majority of western countries, and there is virtually no disparity between those of new and old dwellings. This is in accordance with a social policy of keeping down a major constituent in the cost of living, and thus ensuring that payment of rent never constitutes a hardship. The maintenance of dwellings has to be subsidized out of public funds, the degree to which this is necessary varying with the age of the dwelling stock; the consequent centralization of responsibility for repairs and maintenance has tended to reduce the scope for local initiative and effort. Some countries have not found it possible to provide out of public funds the necessary sums required

to prevent the existing housing stock from deteriorating; a partial solution in some countries has been the returning of nationalized dwellings to former owners, or their sale to tenants. Public expenditure on maintenance has reduced capital funds available for new construction, which is urgently required in all these countries owing to the inheritance of bad housing from before the Second World War, war damage and subsequent acute demographic developments. Some countries have decided in principle that rents should be raised to more economic levels in due course in order to facilitate maintenance, and steps considered practicable without creating social hardship have been taken in this direction.

One of the advantages of the recent growth in eastern Europe of individual and co-operative housing for owner occupation is that it reduces the need for subsidizing new dwellings, thus mobilizing personal effort and releasing funds for employment elsewhere. Some countries see in a low level of rents a discouragement to the undertaking of individual construction, owing to the greater personal effort this requires, and frequently also larger financial outgoings.

There is administrative allocation of dwelling space in eastern Europe of both old and new dwellings, which is inevitable since rents have little part to play in this connexion. Dwelling space in excess of official norms is frequently charged at a penal rent. One country has found the administrative burden of this system excessive, and considers that more economic rents would be preferable. Where there are serious shortages, an allocation system has to allot priorities on grounds other than social housing need; where shortages are particularly acute, households enjoying a low priority may have to seek dwellings elsewhere. In at least one country, sub-letting outside the official rent system appears to be prevalent.

Public Financial Aid

Public financial aid to housing in western Europe is based on two criteria: financial and social need. By financial need is meant the broad assumption made in most countries that not more than 20 per cent of family incomes should be spent on rent, but that in general a new

/family dwelling

family dwelling corresponding to modern standards cannot be provided within the rent-paying capacity of an average industrial worker without public financial aid, unless the rent or annual charges do not exceed 5 per cent of capital cost, an impracticable condition at present levels of building costs and interest charges. This conclusion is subject to modification if total family income and savings are taken into account. On the other hand, some countries consider that 20 per cent of income paid out on rent is too high. The amount of public financial aid required varies considerably with the terms on which loan capital is available and with the cost of a dwelling in terms of average industrial earnings. Financial need is not necessarily that of the average industrial worker alone; in some countries, it arises at a level of income more than twice that of an industrial worker. Depending on the distribution of incomes, on interest rates and on the cost of a dwelling, the proportion of those who cannot afford a new dwelling without public financial aid may account for as much as 90 per cent of all earners. The situation varies not only from country to country, but also in the course of time in accordance with movements in incomes, building costs and loan charges. This last point underlines at least in so far as the degree of subsidy is concerned, the value of a policy of public financial aid related to financial need which is flexible and capable of being varied in accordance with changing needs.

Social need arises from the existence of an acute housing shortage or of a large proportion of small, insalubrious or ill-equipped dwellings. Families who are badly housed, but who could in theory pay for a new dwelling without public financial aid, may be disinclined to do so, particularly if they would then have to pay considerably higher rents or annual charges. Thus it may be considered desirable to subsidize new dwellings without close regard to the financial circumstances of the occupants. This approach means in practice a tendency to provide public financial aid to dwellings rather than to persons; and to give aid on a once-and-for-all basis, or to undertake the payment of subsidies over a long period of years without provision for review. A major element in a

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policy of financial aid is the scale on which this can in fact be given. While the rent of a new dwelling can be reduced without loss to public funds by using public credit to improve the terms on which loan capital is available, this type of aid is normally of only marginal significance. An effective system of public aid in most countries is bound to involve heavy losses to public funds, yet in a number the losses that can be sustained are relatively small, either because the yield of taxation itself is low or owing to other, higher-priority demands on the proceeds of taxation. The countries where both the social and financial need for public aid to housing is greatest are also those where the fiscal limitations on the amount of aid that can be given are the most severe.

The principal policy issue now arising in all western European countries is the extent to which public financial aid should be related more closely to financial, and not solely to social, need. The underlying reasons are a reduction in some countries of acute shortages; the acceptance of the fact that if general cost levels are unlikely to decline substantially for some time to come, they are becoming more stable, thus restoring the confidence of investors; the rise in the level of rents of old houses; the improving rent/income ratio; the desire to speed up house construction in countries where public financial aid is necessarily severely limited; and, above all, the cumulative burden of housing subsidies on public budgets, aggravated by the rise in interest rates during the post-war period.

One consequence of the reappraisal of housing policy in the light of the foregoing developments has been the tendency to withdraw subsidies, or reduce their real value. This has also served, however, to give greater predominance to the general question of whether public financial aid related more closely to individual financial need may not now be practicable, and would not result in a better achievement of the social objectives of public financial aid in the long run.

In effect, confining public financial aid more closely to financial need involves either income tests for its beneficiaries, or restrictions on the size and cost of dwellings eligible for aid, which effectively

/exclude those

exclude those in a position to afford a larger or more expensive dwelling. There are income limits in a number of countries, but it is more common to try to exclude from public financial aid those who can afford to do without, by placing limits on the size, cost and quality of dwellings eligible for it; sometimes, at present, these limits are such that in practice few dwellings are built which do not qualify for aid. In other countries, the limits effectively deter a considerable number of potential builders able to afford a better dwelling. The view taken in each country depends on the extent to which it is estimated that fixing a limit, either on income or on the type of dwelling, will prevent aid going to those who can afford to do without it. Considerable objection is seen in some countries to income tests as introducing an additional taxation of income with high marginal effect; another serious objection is owing to be a belief that they may tend to promote the growth of one-class housing estates. A consideration adduced in this connexion is that some countries see financial advantage in providing incentives to higher income groups who will then vacate older and cheaper dwellings, which can be occupied by those who are less well off. Others find that there are social objections to this procedure, or believe that the benefits are likely to be no more than marginal. A further objection raised to an income test is the logical desirability of withdrawing aid if the limit is subsequently exceeded during the period of occupancy of the dwelling. Some countries, however, find it administratively convenient to pay an annual subsidy which is terminated if the income limit is exceeded, rather than a once-and-for-all payment. This is considered preferable to requiring the beneficiary to vacate the dwelling or to refund payments already received, when his income exceeds the limit.

The fact that in most countries an income limit for those unable to afford a new dwelling without public financial aid is bound to be fairly high has centred attention on the need for, and the possibility of, relating it to the widely varying individual circumstances within a particular income group. The main objection raised to relating aid

/closely to

closely to individual need is the danger that the incentive to reduce costs may be affected. Where aid is given on a basis related to average circumstance, the incentive to keep down costs lies in the fact that those in excess of the average are not offset by additional aid. The average standard, however, is likely in practice to be so high that many will find it too great a hardship to take advantage of the aid. Recognition of this has led a number of countries to work out practical methods of relating aid to individual circumstances or to different income levels within a general system based on some average criteria. This has been done for rented dwellings owned by non-profit-making bodies, by relating rents to individual family incomes or to family income groups. A solution adopted in other countries which is practicable for individual construction is to give special rent allowances based on income, the number in the family and the average rent payable. In some countries, what is tantamount to a means test is objected to mainly, it would appear, owing to unhappy memories of income tests in times of heavy unemployment and general distress. In others, however, no such objections are considered to arise in present conditions of full employment and rising living standards and when liability to income tax is so widespread.

Apart from the question as to whether or not aid should be given initially on an income basis, increasing attention is being paid to the possibility of varying aid as the general or individual rent/income ratio improves. There is concern in many countries at the fact that subsidies once granted have to continue to be paid, even through the general or individual need for them may cease or be reduced. In some countries, it has been found administratively practicable to give subsidies which can be reduced when an increase in the general rent level is justified by an improvement in the rent/income ratio. This is considered to be of particular importance when it is the policy progressively to raise the level of rents in old dwellings. Where subsidies are already given on a basis related to individual incomes such as through differential rates or family allowances, this adjustment of subsidies is met automatically.

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In eastern Europe, public financial aid has in a sense a function different from that in western Europe. The level of house construction, as of other economic activity, is centrally determined within the framework of an economic plan. In western European countries, the availability of finance is not infrequently the main factor limiting the general level of house construction. In eastern Europe, financial policy is essentially the hand-maiden of a general policy determined on economic and social grounds. It is decisions taken centrally within the framework of an economic plan which determine the level of house construction, with the availability of finance as an adjunct, although a highly important one. Furthermore, these centrally taken decisions are concerned not only to determine the total level of housing output but also to provide a long-term framework within which the building industry can be rationalized, costs lowered and thus the need for public financing in the long run reduced.

In this general context the main policy issue arising in regard to public financial aid is the extent to which the amount of aid given, taking into account the level of rents, may be more closely related to individual financial need. While the low level of rents is something consciously determined on wider social grounds, it is bound to represent a strain on public budgets, not least through the need to subsidize running costs from central funds. This in turn may threaten both the level of new construction and the standard of maintenance. In some eastern European countries, it is argued that a certain relief can be found without reducing the social benefits of a low rent level, by relating rents more closely than is at present the case to individual financial circumstances, while at the same time ensuring that the level of rent does not become a hardship. The encouragement of owner occupation among those able to afford it may be regarded as in itself a step towards increasing differentiation of the subsidy system, with increased possibilities of raising the total level of construction as a result. The introduction in one country in 1958 of increased rents for higher-paid workers and of a deposit from tenants of new dwellings

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is also symptomatic of the trend towards making the subsidy a more effective economic instrument, without weakening the very real social achievements of the general approach to housing policy. It may also be recalled that in eastern European countries the main determinant of the amount of rent paid is usually the area of living space occupied. When the difference in rent-paying capacity between families occupying the same amount of living space, on the basis of the grade of employment and the numbers of wage-earners in the family is taken into account, the scope for wider differentiation of rents is apparent.

Appendix III

GOVERNMENT POLICIES AND THE COST OF BUILDING

Some Suggestions for Government and International Action

Possible Government Action

1. In most European countries, a considerable proportion of housing output is partly or wholly under government control. Where there is a planned economy, governments fulfil the role of investors, designers and contractors. In many western European countries, largely through the weapon of financial aid, governments are in a position substantially to influence house construction. Thus, government action, direct or indirect, can materially aid or hinder the technological development of the building industry in almost all European countries, although the degree to which this is true varies. At the same time, the inherent limitations of government action in a large number of European countries, as already indicated earlier in this inquiry, should be borne constantly in mind.

(i) Technological development in the industry is highly dependent on housing demand. In particular, continuity of demand is a prerequisite for higher efficiency and cost reduction in many directions. Large-scale development of factory production is impossible unless the conditions can be established of scale and continuity of operation sufficient to amortize the considerable investment in machinery and equipment. The survey shows clearly that progress in this particular field does, in fact, depend on government intervention to ensure continuity of demand, and in the two countries in western Europe where large-scale developments are in progress government support has been provided. In eastern Europe, governments are providing the investment in machinery and equipment for the large-scale factory production of dwellings, and by virtue of the fact that the developments are part of a national plan the essential feature of continuity is largely assured. The creation of a new sector of house construction, where the aim is to carry out the highest possible proportion of the work in factories or workshops, has required intervention by governments. In a liberal economy, other means of ensuring a

/sufficient scale

sufficient scale and continuity of operation have to be sought. This normally involves some form of government action; at the very least governments bear a general responsibility, but there are a variety of ways in which continuity can be assured. Parallel with large-scale factory production of dwellings there is a progressive evolution in the industry towards the incorporation of new materials, new methods of construction and higher standards of design and organization. This is a complex process in which many factors are involved. Here again it is clear that continuity of building operations is desirable if progress is to be made quickly, and in a few countries of western Europe there have been major projects organized to enable continuity of building operations to be given a working trial. Since a radical change of administrative procedure is necessary to attain this condition of continuity in a liberal economy, the support of governments is required. In the interests of technical progress and reduction of costs it is desirable that the results of the trials already made should be assessed, and that governments should encourage and, if necessary, promote further developments of this kind. In countries with a planned economy, the necessary conditions are being fulfilled and, already, significant advances in productivity are reported to have been attained. Moreover, in addition to the direct action which governments can take to ensure or encourage a suitable level of effective demand, more might be done in the way of research into future levels of demand, quantitative and qualitative. This, together with suitable publicity, would in itself be a contribution to ensuring a stable long-term demand. But a final word of caution is necessary: continuity of demand offers certain technical advantages, yet if this were to be interpreted as the need to ensure a permanent long-term sellers' market, the result would be to freeze or to raise costs rather than lower them. Post-war experience has demonstrated the dangers, from the point of view of keeping down costs, of overloading the building industry.

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(ii) The house, as opposed to many industrial products, is subject to a complex system of rules, regulations and administrative procedures. Central governments, local authorities and statutory undertakings may all exercise control in certain spheres and at certain stages. To some extent this must be regarded as inevitable, but where administrative processes interfere with technological development they can be a real cause of maintaining an unnecessary high level of cost. Governments should find it useful to keep administrative procedures constantly under review with a view to simplification and rationalization.

(iii) In many countries the evolution of the industry to a higher technical plane is hindered by severe shortages of suitably trained personnel, particularly in the functions of higher management of building operations and of scientific organization and control of work. Some have already set up courses of training to meet this need. Since technical development is largely conditioned by the personnel available, special emphasis should be laid on training for the building industry. Governments, through their control of educational policy, have a particular responsibility to the house-building industry, which is in a state of rapid technical evolution. The training of operatives was initiated in most countries at a time when technical conditions were relatively stable, and methods were devised to produce a succession of craftsmen following a fixed pattern. With rapid changes in materials and technique, there has appeared a continuous demand for operatives with new skills. The expansion of housing programmes has often overloaded the normal methods of training, and special arrangements have had to be made. Governments have the responsibility of revising methods of training to meet changing conditions, and in some cases it may be necessary to break away completely from the normal pattern and look several years ahead.

(iv) There is a progressive evolution in the use of factory-made components for dwellings, due primarily to savings in cost by large-scale production, and this is a process which benefits the traditional sector and the more industrialized sector alike. Large-scale production, with its resulting economies, depends on the reduction in the number of

/sizes and

sizes and shapes of products, and to achieve this the process of typification and standardization are essential. Much has been done in this direction in European countries, but there are difficulties in obtaining sufficient observance of the standards in some of the countries with a liberal economy. Governments in many countries have gone far to enforce the adoption of standards in the sector of housing which they control; this is a case where consistent government action is needed in all countries to promote the preparation of good standards which do in fact limit excessive variation in shapes and sizes, and to ensure that the standards are observed in housing under government control. In many countries a system of standards has been devised. In others, over the years, have emerged certain standards in which there is a lack of relation of dimensions, and at some stage revision will be necessary. Modular co-ordination, which is developing rapidly throughout Europe, may provide the framework for relating dimensional standards, and governments will have an important function in promoting and assisting these developments.^{16/}

^{16/} In this connexion, reference should be made to a recommendation which was recently submitted to the Housing Committee by the Ad Hoc Meeting on Standardization and Modular Co-ordination in Building, and subsequently adopted by the Committee: " Governments should, where appropriate, by means of legislation and regulations, by laying down conditions for the granting of financial aid for housing construction and by the part they play more often than not in the establishment of standards, exert a decisive influence in regard to the preparation, approval and introduction of standardization. It is therefore essential that all governments should be satisfied of the economic value of promoting building standardization and should endeavour to bring this home to building circles. They should first of all make it a rule, wherever possible, to refer to standards in the texts of laws and regulations governing building. They should also set the example of standardized construction in the erection of buildings for which they are directly responsible. They should also use the powerful means represented by financial assistance to building in order to develop progressively the application of the standards. Where such action has not been taken, or has not been taken on a wide enough scale, they should set up and maintain technical organizations for the preparation of building standards; give their support to the bodies responsible for approving standards and urge them to attach due importance to building standardization; and promote the use of standardization by means of publicity, demonstration, education and occupational training. In particular, it is recommended that special branches of building should be responsible for demonstrating the advantages of standardization, and that the task of organizing such activities and demonstrations should be entrusted to technical bodies associated with building enterprises and industries." (See Proceedings of the Ad Hoc Meeting on Standardization and Modular Co-Ordination in Building (E/ECE/361)).

(v) Cost savings can be achieved only as a result of a large number of technical improvements, many of them small in themselves, and a major factor is avoidance of wasteful planning and design of dwellings. Governments in most European countries have done much by preparation of "type" or "model" plans, and by rationalization of specifications and contractual procedure. Continued efforts by governments in the preparation of types and models, and in the enforcement of their application, are important.

(vi) Attention has been drawn to the comparatively heavy burden of financing building operations during the period of construction. One important factor is the high general rate of interest in some countries, which is normally subject to government intervention through the operations of normal monetary policy. There is no reason to advocate special treatment for the building industry in this connexion, but there is one point to which attention should be drawn. A part of the administrative machinery which may weigh particularly heavily in certain cases is the question of payment and settlement of accounts. In many countries the public authority is a large investor, and equally has the reputation of being a bad payer. It does not default, but it often happens that the whole process of scrutiny of accounts, of checking and counter-checking, which is desirable in the public interest, can be prolonged unreasonably, with the result that the contractor is compelled to make a surcharge to cover himself against the interest on capital tied up unnecessarily. Although the investor is often unaware of the fact, he may actually be incurring an unnecessary expense on this account. Simplification and rationalization of procedure in these matters may often be rewarding, and the impetus to do so will often have to come from governments.

(vii) In all European countries, governments play an important part in formulating research programmes and organizing and financing building research institutes. House-building is affected by developments in a wide range of sciences, yet the industry works at very variable levels of technical competence. Consequently there is a considerable field of

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activity where the application of scientific research tends to lag and where its advantages and possibilities are not realized. It is in this field that government intervention is most useful, either in setting up establishments directly or indirectly operated by governments, or by providing a stimulus so that the industry itself can organize its own research. In view of the importance of the inter-play between research and practice as a means of raising the technical level of the industry, there are clear advantages in many countries in securing conditions in which the industry itself assumes a major responsibility for its research programmes. The tendency is for the administration of housing to be closely associated with scientific research, and in many European countries the executive departments concerned with housing are responsible for the activities of research organizations. The fact remains, though it is rarely admitted, that administration and research do not always work well together in harness. Governments have therefore the task of finding ways and means of bridging the gap.

(viii) When it comes to the development of the industry itself, whether building materials and components, building machinery or building contracting, government influence, except in countries with a fully planned economy, is bound to be much more indirect and may well be frequently, in some spheres of activity, and in the very nature of things, virtually negligible. However, one point is of some importance. The Mechanization of the house-building industry is proceeding fast in all European countries, and it has been an important factor in combating the general rise in housing costs. In a few countries, the development of mechanization through the normal channels of commerce has been considered adequate but in many of those with a liberal economy the industry has found difficulty in obtaining the necessary finance for the acquisition of machinery and equipment. Government loans have been made in some cases at moderate rates of interest to enable contractors to purchase equipment. In view of the growing importance of mechanization, this is another case where governments can contribute by ensuring that the latest developments are made widely known and, where necessary, by assisting the industry to obtain finance. In a few countries the incidence of import /duties and

duties and taxes is a handicap to mechanization of the house-building industry, and governments might consider whether revisions are desirable. As has been shown, the small contractor working on a small site gives rise to special problems.

(ix) Lastly, this inquiry has brought out the limitation in the availability of detailed statistical information and of thorough economic inquiry into many crucial points, from the nature of demand to the trend of productivity and the factors determining it. This would seem to be a sphere where governments could do much more, either themselves or by encouraging and assisting other appropriate organizations.

Possible Forms of International Action or Further Inquiry

2. The main suggestions which emerge from this report concerning possible forms of international action or further inquiry are now summarized briefly. They do not necessarily relate to possible work by the Housing Committee. Some of them would require the active collaboration of non-governmental international organizations; others might more appropriately be pursued by other international organizations.

(i) There would appear to be scope for international agreement on methods of collecting and expressing productivity data on building. There would also appear to be a real need for a pilot investigation covering both traditional and non-traditional construction in, as far as possible, comparable housing schemes in selected countries of different parts of Europe, in which expert cost accountants would seek a reliable basis for cost comparison between countries. A next step might then be the devising of a framework for detailed exchange, on a systematic basis, of information on the principal economic indicators relating to the actual cost of the main approaches to more industrialized house construction in different countries.

(ii) The problems arising as a result of the changing relations between the main participants in the building process have been analysed in this report. It would be valuable to assess, with the help of the governments concerned, the experience in certain countries where the building organization has been brought into the design team. On a more

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general plane, further inquiry would appear useful into experience so far gained in integrating design and construction, particularly as a result of or associated with the growth of mechanization; this might be done on a case-study basis. In any investigation of this interrelated series of problems, the active co-operation of the international non-governmental organizations concerned would be essential.

(iii) There are various aspects of standardization and modular co-ordination where further action, follow-up or supplementary inquiry would be useful. The detailed recommendations made to the Housing Committee by the recent Ad Hoc Meeting on Standardization and Modular Co-ordination in Building and subsequently adopted by the Committee should be recalled.^{17/}

(iv) A major conclusion is the importance of education and training of personnel for the building industry at four different levels: professional, management, supervisory on the site, and the building crafts. There would seem to be ample scope for international exchange of experience in this field primarily through the specialized agencies, and in particular the ILO.

(v) Direct exchange between countries which have special experience in particular fields and those seeking further information on a particular subject would appear to be useful. One example is the building of single-family dwellings.

(vi) There would appear to be scope for an examination of the economics in different countries of using new materials or improved forms of traditional materials, particularly in the context of weight reduction; it should also be possible, with, it is suggested, the assistance of the CIB, to promote greater dissemination at the international level of the kind of information made available in some countries through building centres.

(vii) There may be scope for an international inquiry on a limited scale into the pattern of building regulations and administrative processes and, in particular, the methods by which new techniques are admitted into current practice.

^{17/} See Proceedings of the Ad Hoc Meeting on Standardization and Modular Co-ordination in Building (E/ECE/361).

(viii) This inquiry has been concerned with government technical policies in relation to cost reduction in the whole of Europe, but special problems arise in this field in less industrialized countries. Reference may accordingly be made in this connexion to recent efforts by the Housing Committee.

(ix) Throughout the whole inquiry, the scope for international co-operation and interchange of information in developing government policies designed to reduce the cost of building has been brought out. The discussion has been largely on the basis of Europe as a whole, together with the United States. But there would also appear to be ample scope for co-operation and exchange of information between groups of countries with problems in common, and the Housing Committee should be in a position to intensify its efforts in this field.

Appendix IV

THE RURAL HOUSING SITUATION IN EUROPE

Conclusions

Demographic Trends in Rural Areas

1. The main demographic trend in rural areas is one of decline or stagnation due to a movement away from relatively unremunerative agricultural employment. A secondary factor is the attraction of the social and cultural amenities of urban life. The precise effect of these two factors on over-all rural population varies in individual countries in proportion to the size of the population still engaged in agriculture, the opportunities arising for employment outside agriculture and the extent to which those opportunities arise in rural areas. A demographic trend common to all countries is a movement from isolated areas to centres of population in rural areas. General economic and social policies in all countries are concerned to make agricultural employment more remunerative, to diversify economic activity in rural areas and to enlarge the social and cultural amenities of rural life. These measures, together with improved transport and communications which enable urban workers to live in rural areas, are expected to bring about a stabilization, if not an increase, in rural population in countries where the productivity and structure of agriculture are now reasonably satisfactory; however, in countries where productivity per person engaged in agriculture is low owing to uneconomic holdings and surplus labour, further declines in rural population are likely with increased industrialization.

Effect of Demographic Trends on Rural Housing Policies

2. Quantitative housing conditions in rural areas have been improving naturally in many countries, as a result of the thinning down of rural populations.
3. New housing in rural areas has been required mainly to replace defective or deficient dwellings.
4. Demand for new dwellings for new households has been small in rural areas, except in connexion with the creation of new holdings under re-settlement programmes in a number of countries, development of non-agricultural employment or overspill from urban areas.

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5. There is an emphasis in national policies everywhere on the better location of new rural dwellings in relation to social and cultural amenities.

6. Reconstruction and improvement of existing dwellings is often preferred on economic grounds to new construction, particularly of holdings likely to be uneconomic in the long run, in isolated areas and for old persons.

7. The ability of rural dwellers to better their housing conditions has been improving in all countries as a result of improvement in rural economic conditions owing to the reduction in the numbers sharing in agricultural income, to increase productivity as a result of mechanization, to increased agricultural income due to increased production and better farm prices, and to diversification of rural economic activity; the economic ability of rural dwellers to improve their housing conditions is usually, however, lower than that of urban dwellers.

Housing Conditions in Rural Areas

8. A majority of dwellings in rural areas are owned by the occupiers.

9. Rural dwellings on average contain more persons than urban dwellings, owing to larger families and the fact that several generations usually live in the same farm dwelling.

10. As a result of (9), the degree of overcrowding in rural dwellings is usually higher than in urban dwellings, though in many countries rural dwellings tend to be larger on average than urban dwellings because of the greater splitting up of families in urban areas; where urban housing conditions are below average, however, these differences tend to disappear.

11. The quality of rural dwellings is on average lower than that of urban dwellings in terms of age, materials used, design and, particularly, sanitary equipment.

Progress in Improvement of Rural Housing Conditions

12. The reductions in rural populations have improved the quantitative housing situation in rural areas in many countries.

13. In a number of countries an annual rate of new construction and reconstruction in excess of 2 per cent of the early post-war rural dwelling stock has enabled reasonable progress to be made with the

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replacement or improvement of defective rural dwellings; where this rate has not been achieved the progress made has been unsatisfactory, except where rural housing conditions were already better than average or where the rural population has declined sharply.

14. There has been a marked improvement in the standards of rural dwelling construction as regards materials, design, size, utilization of space, and equipment; in the less economically advanced countries, however, and in those with a dispersed rural population much remains to be done in providing sanitary facilities, particularly piped water.

15. New rural dwellings have been better located than in the past in relation to communications and social and communal amenities; in a number of countries much new rural construction has been in new or existing rural villages, but in others the policy has been to group dwellings, particularly farm dwellings, in small clusters in order to reduce isolation and to facilitate the provision of communal services; adequate town and regional planning powers are necessary to ensure good location of dwellings. Examples of the various trends are, on the one hand, the new large agricultural settlements in the USSR and in other countries in eastern Europe and, on the other, the more dispersed settlement favoured by the land reform agencies in Italy.

16. In all countries the further improvement of the quality of rural dwellings and the provision of communal services and social amenities in rural areas are receiving urgent attention.

17. In those countries where rural housing conditions are still very poor, the improvement of economic conditions in rural areas is regarded as the prerequisite of a major improvement in rural housing.

18. Where good progress has been made in the past, the tendency is for new construction to decline because of the demographic background, and an increased emphasis on reconstruction and improvement of existing dwellings is evident.

19. The predominance of home ownership in rural areas and the need, as a result, to rely heavily on the initiative of the rural population in improving housing conditions are retarding factors unless public

/authorities pursue

authorities pursue an active slum-clearance policy, or schemes of agricultural settlement and reform are in progress; retarding forces are particularly strong where farm holdings are likely to be uneconomic in the long run or where rented, tenant-purchase or co-operative dwellings are not provided for farm workers and other rural wage-earners.

Public Financial Aid for Rural Housing

20. All countries provide public financial aid for rural housing, but in a number of countries the amount of such aid is less than is needed owing to general economic conditions.

21. The potentialities for self-help building are greatest in rural areas, particularly as an adjunct to schemes of public financial aid and among lower-income rural families. Examples of such self-help building are the "castor" movement in France, the state-organized scheme in Porto Rico (United States) and the provision of pre-fabricated dwellings in the USSR.

22. Schemes of public financial aid for rural areas usually facilitate home-ownership, particularly in small-holding countries. But where there is a reluctance to undertake long-term commitments because of the uncertainty of agricultural income, where recourse to long-term credit is not traditional or where there may be difficulties in proving title to land for mortgage purposes, the provision of long-term credit may not always be as effective as lumpsum grants. The collective farm dwelling construction in the USSR, new farmsteads erected by state agencies in Italy and western Germany, state aid for the establishment of new farmsteads in Belgium (Société nationale de la petite propriété terrienne) and Finland are examples of schemes of public aid for home-ownership.

23. To meet the housing needs of rural wage-earners and persons on very small holdings, public financial aid usually provides for and encourages the operation in rural areas of non-profit bodies - public, semi-public or private - which provide housing other than through home-ownership, by means, for example, of rented, tenant-purchase, co-operative dwellings. Examples of this type of activity are to be

found in HLM housing in France; local authority housing in the Netherlands, the United Kingdom and Ireland; state farms in Poland, Hungary and Romania; and housing of the Société nationale du logement in Belgium.

24. Eradication of unfit dwellings in rural areas is sometimes achieved by a special supplement to normal financial aid as an incentive to move out of an unfit house. An example of this is the special grant paid in the Netherlands to persons replacing an unfit dwelling.

25. Public financial aid in rural areas in many countries provides suitable assistance for the reconstruction and repair of dwellings. An example of this is the scheme of grants and loans for repairs and improvements in Sweden.

26. Special publicity is given in rural areas to schemes of public financial and other aid to housing, in order to overcome the reluctance common in rural areas to incur expenditure on housing, to stimulate interest in improvement of rural housing and to ensure that all are familiar with the aid available.

27. Minimum technical standards are insisted upon as a condition of public financial aid.

Technical Aid and Advice

28. A large measure of technical advice and assistance to rural house-builders is provided to combat traditional low building standards, the reluctance or inability to engage professional technical advice and the technical risks involved in self-help housing.

29. This technical assistance includes architectural and engineering advice on the spot, particularly where applications for public financial aid are involved. This may be provided by state ministries as in Denmark or Ireland, through semi-public bodies as in Belgium, or through local administrative authorities as in France and the Ukrainian SSR.

30. Measures are taken, where necessary, to improve the competence and supply of rural craftsmen and contractors. Examples are the special schools established in the USSR to train collective farm tradesmen and the centres (CADETS) to organize and assist craftsmen in France.

31. Model plans of simple well-designed houses which can be readily erected by rural builders are usually made available free or at a nominal charge. These may range from simple outline plans to full working drawings, as in Norway, or to isometric drawings, as in the United States.

32. Measures are taken to ensure, as far as possible, the use of long-lived quality-controlled building materials and of standardized building components in rural building, as many of the deficiencies in existing rural dwellings arise from the use of inferior materials and components in the past. These measures have been found particularly beneficial in such countries as Romania, Hungary, Italy, Poland and Yugoslavia, where, in the past, inferior rural construction was due to the absence of quality-controlled durable materials.

33. Self-help housing in Europe is usually subject to full technical supervision.

Control of Housing Conditions in Rural Areas

34. Public authorities in some countries have adequate powers of inspection in relation to housing conditions in rural areas and adequate powers to have unfit dwellings demolished or improved; the degree of enforcement of such powers depends on general housing conditions.

General

35. Where practicable, a clearer distinction than has hitherto been made between urban housing and rural housing would seem desirable in official reports and statistics, in the interest both of the further improvement of rural housing and of focusing attention on its special problems.