HOUSING POLICIES IN THE SERVICE OF SOCIAL AND SPATIAL (IN) EQUALITY
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INTRODUCTION
In Croatia, the public discussion about housing is burdened by assumptions that are not evidence-based, but themselves serve as a basis for creation of housing policies that deepen social inequalities. The motivation for writing and publishing this book came from the intention to intervene into the discussion by providing an overview of the housing policies, the institutional framework of housing provision, and their social and spatial consequences based on evidence. The motivation also arose from the real lived experience of the lack of affordable housing, a distinctly generational issue which particularly affects those born in the 1980s and later. These are the generations whose access to housing outside the speculative market has been reduced due to sweeping privatisation policies and commodification of public housing that have been introduced in the 1970s and are still very much present. These generations own, on average, significantly less *housing wealth* than those that preceded them – in particular, less than baby boomers who to a large extent benefited from the comprehensive mid-20th century public housing programmes and subsequent right to buy schemes of privatization. This inter-generational housing inequality is a global phenomenon, also apparent in Croatia, where the average age to move out of parents’ home is 33, and 70% of people between 18 and 34 years of age still live at their parents’ homes. All of the researchers who worked on the study that this book is based on belong to that generation, and we have ourselves experienced the deepening social and spatial inequalities.

Regarding the composition of housing statuses, Croatia is often listed among the ‘super home ownership’ countries. Even though the term can be understood as pe-
jorative, especially if we know that it is an English coin-age similar to the word *balkanized*, which is used to characterize the whole region as an area of perpetuated chaos – it is a fact that Croatia, just like other former Yugoslav republics, has an unusually high portion of home ownership. Around 90% of households live in a housing unit they own, however, a large portion of homes are overcrowded, which leads us to the conclusion that the majority of households are multigenerational. This is confirmed by the aforementioned unusually high number of young people who continue to live at their parents’ homes, mostly because they cannot afford to move out.

The fact that high portion of households do own their homes (that is, the owner is usually one member of the household) is often used in a completely ahistorical manner, as evidence that *Croats love to own*. The motivation for buying a home, and the arguments against building public housing stock, are often found in the emotional impulses of a populace that supposedly equates housing stability with the *love* of owning real estate. The public discussions and policy analyses can leave one with the impression that those that have the opportunity to create policies hold that for the Croatian population, home ownership is the “ontological equivalent of destiny.” Be that as it may, the wide acceptance of such an argument stems from the fact that, in the words of Manuel Aalbers, “private-property rights”, such as home ownership, “are presented as ‘natural’ and normal even though they are quite meaningless without being validated by the state’s apparatus” (Aalbers 2016:27). This means that the feeling of housing stability does not arise from the nature of

01 Bolano, R., Nazi Literature of Americas, New Directions 2008, translated by Chris Andrews
one’s housing status, but from the different ways in which the state uses its mechanisms to regulate this stability. In the text that follows, we will thus trace the mechanisms that the state uses primarily and almost exclusively to guarantee housing stability to private ownership. We will show that this is done, *inter alia*, by failing to regulate and practice the protection of other types of tenure, and by insufficient production of public housing, that is, housing outside the real estate market. In this way the state creates a system in which home ownership becomes equated with housing stability, while in the dominant narrative the need for housing stability becomes equated with *love* towards home ownership.

Possibly the best description of the narrative production which burdens the housing issue with affective motivations was given by the former housing rights activist and the current Barcelona mayor, Ada Colau, describing the causes of the immense Spanish housing debt: “A mortgage had been transformed into a status symbol, a euphemism for professional success which signified the passage into adulthood” (Colau and Alemany 2012:46). An equivalent for Croatia, and even the wider region, can be found in the dominant belief that by buying an apartment one finally comes into their own. If one takes a closer look into the analysis of origins and consequences of housing debt produced by Spanish organisations dedicated to workers’ and housing rights such as Barcelona’s Observatorio DESC, but also perhaps manages to talk to the members of Spain’s most prominent right to housing movement, la PAH, as we were able to, one could very well observe the prevalence of the myth that European South and Southeast countries are populated by ownership-loving peoples. This is equally observable
in countries such as Greece, Serbia, Hungary, Slovenia, Bosnia and Herzegovina and others where we had a chance to cooperate with housing activist and where we have learned that dominant narratives of specificity of people’s relation to homeownership are also propagated. This so called peripheral European space is also fraught by the narrative of irresponsible debtors, along with the contradictory argument that overindebtment is solely caused by an unrealistic desire to own. But, if we take into account that all the countries concerned completely transformed their systems of housing provision in the 1990s, in a way that made all forms of tenure apart from home ownership unstable, it becomes clear that such myths need to be dispelled through both analysis and activism.

Especially important work in this regard was done in Croatia by the NGO Franak. Through their successful legal battles and by activities like issuing the “Black Book” of debtors’ personal stories, Franak succeeded somewhat in confronting the dominant narrative of debtors’ guilt and in shifting the focus towards the responsibility of financial institutions and the state in producing debtors. The question of housing debt in Croatia is discussed thoroughly and articulately in Petra Rodik’s book “(Pre)Zaduženi, društveni aspekti zaduženosti kućanstva u Hrvatskoj” [“(Over)indebted, the social aspects of housing debt in Croatia”]. Even though we will not discuss this specific problem in detail here, but merely point to the relevant readings, we will use the findings of this study and other recent papers from the region which contribute to our understanding of the housing issue through astute and sound analyses (Rodik et al. 2019; Mikuš 2019; Bródy and Pósfai 2020, etc.). We will try to outli-
ne the local housing issue in a way that defies the dominant narrative of a distinct, locally specific relationship towards housing, by connecting each of the phenomena discussed to global trends and Croatia’s position in Europe and the world. We hold that this is exceptionally important in order to counter the idea of a nationally specific relationship to homeownership, debt, etc. This is not to say that, here or in other places, no historical and cultural specifics exist that influence people’s feelings towards their homes. Rather, we want to point out that, in an age of globalised markets and with housing embedded in those markets, local specificities become successfully mobilised in building a local version of the neoliberal city. To use a definition by Aalbers, “spatial relations are not constitutive in a socially abstract sense but are themselves always and everywhere the outcome of social, power-laden processes” (Aalbers 2016:23). The resources of the city (both in terms of land, but also a need for housing) can then be used to ensure an uninterrupted flow of global capital – and to line the pockets of local elites - thus expediting the growth of class and spatial inequalities.

For a case study of local neoliberalism we looked at the city we live in, where the publisher of this book, Pravno na grad [The Right to the City] organisation was created precisely to resist the neoliberal commodification and exploitation of Zagreb’s resources. We will observe the spatial development of Zagreb in relation to various periods of housing provision, from the location of housing estates built within the former Yugoslav Socially Directed Housing Development programme [Društveno usmjerena stambena izgradnja, DUSI] to the spatial impact of the transition period and finally the correlations between the housing crisis and the institutional response of City au-
thorities and departments in charge of housing provision. We will look at the way in which spatial planning relates to this topic. And we will also discuss the phenomenon of growing urban tourism and how it affects housing accessibility and affordability.

The thesis that home ownership is not an *ontological equivalent of destiny* is certainly supported by the fact that as little as thirty years ago almost a third of households in Croatia lived in socially owned\textsuperscript{02} housing rather than privately owned homes. Thus, to understand the relationships towards the housing issue, it is always necessary to look at it in a comparative perspective, as relative to the various stages of housing provision – that is, each piece of information on the structure of housing statuses contains a history of the systems of housing policies. To be more precise, today’s state of affairs is a consequence of long-term processes whose effects cannot be ignored (see Tammaru et al. 2015). In the cities in the region, the housing stock inherited from Yugoslavia still plays an important role in how we relate to the housing issue, in terms of creating the dominant narratives that serve as a basis for policy-making, as well as in defining the material conditions in which individuals and households live. The Yugoslav system of housing provision, as we will show, is responsible for perpetuating the spatial inequalities created in the systems that preceded it (see Čaldarović 1987), but also for a number of redistributive elements in urban policies that we inherit to this day. In the first chapter we will provide a brief outline of the Yugoslav system of housing provision, however, we have to state outright that this is a topic beyond the scope of this study, deserving a comprehen-

\textsuperscript{02} A specific form of ownership that is neither state or private, one that today can be equated with the definition of commons.
sive in-depth comparative analysis. We believe that for our purposes here it is sufficient to provide a sketch of the institutional design of the housing provision and its funding system, and the role it played in producing equality as well as in perpetuating a kind of spatial inequality. This should enable us to trace the impact of the Yugoslav period on the housing policies of today.

Privatization of the socially owned housing stock and its consequences are key for further analysis, as well as the very process of privatization itself, and this is the topic of the second chapter. The crisis in which Yugoslavia found itself in the 1980s and during the 1990s war provided fertile ground for a drastic change similar to what Naomi Klein described as the shock doctrine (Klein 2007). Made under the threat of economic instability, war and persecution, the key legislative decisions of the period changed the very nature of housing and the connected urban territory, and before we draw closer to more recent housing issues, this change deserves a closer look.

After the privatization process, the housing provision in Croatia was almost completely entrusted to the market. Even though the early 2000s did see novel public housing projects of a somewhat larger scale, such as the Publicly Subsidized Housing Construction [Društveno poticana stanogradnja, POS], these programmes were designed to subsidise construction with public funds (and in some cases public land) and then sell the apartments at affordable prices, thus ultimately contributing to the growing rates of home ownership at the expense of public resources. At the same time, the pre-crisis period saw the housing debt expand and the financialization process proliferate, and the causes and the consequences of this will be discussed in the third chapter.
Even though the housing debt in Croatia skyrocketed during the global real estate bubble, with the ensuing crisis leading to family tragedies and accentuating the social inequalities, much like everywhere else, there were no lessons learned in Croatia, and the way we relate to the housing issue has not changed. In the words of the former UN Special Rapporteur on adequate housing, Raquel Rolnik: “The crises did not inspire the slightest reinforcement of programmes or policies of non-commodified social housing, nor did it encourage the implementation of new models of housing provision and management“ (Rolnik 2019:79). The post-crisis response has primarily been to continue subsidizing individual housing loans, with housing stability outside homeownership further deteriorating and loan subsidy programs expanding, as we will discuss in the fourth chapter.

The lack of legislation and other mechanisms that could protect the housing stability of tenants increase people’s motivation to buy an apartment with a housing loan, and the issues connected to the precarity of tenancy as a housing status will be discussed in the last chapter, along with the way in which the public rental housing stock is managed. The analysis there is almost completely focused on Zagreb as the Croatia’s largest urban centre with the highest portion of rental apartments. By mapping the affordability of housing available on the rental market in Zagreb we can get an overview of the spatial distribution of such tenure as relative to incomes, and then we can compare this data to the georeferenced data on public rentals to determine the degree in which public rental programmes offer locations that only accentuate the segmentation of the city according to price categories.
In conducting this study, we have used the available documents and property reports which the City publishes very sparingly, oral and written interviews with the heads of certain City offices (which are equally difficult to get), and the interviews with the users of the City public housing provision system. We will try to outline the rule of the longest-standing Zagreb mayor, late Milan Bandić⁰³ and his specific method of transforming the city into a neoliberal entity. We will show that this is a method which disregards the institutions and replaces the governance system with the central figure of the mayor, which has an effect on the housing issue.

Throughout each of the chapters we have tried to substantialize the various systems of housing provision by mapping their spatial impact. We will show that even though it is often disputed that gentrification process is possible with such high rates of homeownership, it is very much present in our cities and has its own specificities that differ from those in “western” cities. That is, cities that have had different history of housing provision and where the bulk of theoretical writings and research has been concentrated. Moreover, the processes of gentrification and creation of the so-called spaces of urban exclusion have been visible in all of the periods discussed, but with completely different causes.

To conclude, this publication is intended for everyone in Croatia and the region interested in the housing issue, from political representatives, students and activists to those interested in the history of policies that brought about their individual housing situation. But also,

⁰³ Milan Bandić, the longest running mayor in Zagreb’s history (20 years) died suddenly in the course of translating this book from Croatian to English and just three months after the original Croatian version was published.
this translated version is aimed at those who are interested in learning more about the specific systems of housing provision in Yugoslavia and the way it was dismantled. We hope that the book can shine some light into the way that self-management system was translated to the urbanity of Yugoslavia and in which way its housing production was both different and similar to housing provision systems in Eastern block countries as well as so-called welfare states. Also, the book aims to show integration of Croatia (similar to other post Yugoslav countries) into the globalized economy of housing as well as specific roles assigned to this region inside of that economy and its place in the narratives of European periphery. Hopefully, the book will succeed in spurring curiosity and deepening insight into aforementioned geography.
Chapter 1

THE SOCIALLY-OWNED HOUSING STOCK
According to the data of what was then the Republic Board of Statistics, as of Dec 31\textsuperscript{th}, 1989, there were 442,199 housing units in Croatia in which tenants enjoyed what was then called a tenant’s right, which can be best described as a legally codified right to housing whereupon receiving the right to an apartment one becomes a tenancy right holder. This was at the time more than a fourth of the total Croatian housing stock. In other words, during the 45 years during which Croatia was a part of Yugoslavia, almost half a million of housing units were either produced or managed by some form of a public institution (in a country with just over four million inhabitants). Even though it would be difficult to establish exact number of single family and cooperative houses built with low-interest loans issued by socially owned enterprises, these too can be added to the total number of units produced through housing provision programmes within this period. When these numbers are compared to the current low level of public investment into housing, the significance of the Yugoslav housing heritage becomes apparent. At the same time, the system of housing provision, legislation and funding had been changing and becoming more complex in those 45 years along with the Yugoslav economy and society. The housing provision policies, even though they were often seen as the antipode to the Western European welfare state, were actually developed and then dismantled at a pace that highly resembled precisely the comprehensive housing programmes of such states. Ultimately, the statistical data (on the number of housing units created under a form of public governance) show little difference between housing provision in Yugoslavia and, for example, Great Britain, where on the eve of privatization process about 30\%
of housing units were owned by the state or local governments. In the two opposed economic systems, public expenditures on housing were based on the same idea of collective investment into collective reproduction, but the models of decision-making, fund allocation and housing governance differed greatly between the two systems, as did the legal frameworks in which they were embedded. The Yugoslav self-management project and its so-called socially-owned apartments (meaning that such housing was neither private nor state owned, but rather belonged to the society where different actors were assigned specific rights in using and managing it) was also specific for the de-centralisation of the housing provision programmes - which sets it apart from similar, but statist projects within the Eastern bloc which we’ll not go further into here.

**Producing the Yugoslav socially-owned housing stock**

The system of housing provision in Yugoslavia could roughly be divided into three periods: a) 1945 – 1953, the period of administrative management of the housing stock; b) 1953 – 1974 the first phase of self-management in housing provision; c) 1975 – 1990, the second and the last phase of self-management in housing provision. In the first period, immediately after the war, the largely devastated area needed to kick-start industrialisation and the connected large-scale migration to urban centres. The existing urban housing stock was far from ideal, but, more importantly, the pre-war housing relations could not co-exist with the massive project of industrialising the cou-
ntry. In the pre-WWII Kingdom of Yugoslavia, the rural population made up 74% in 1939 (Woodward as cited by Zovak 2017), and in spite of the small portion of the urban population in the country, most of them, especially in the centres such as Zagreb and Belgrade, lived in complete housing poverty. During the interwar period, according to the findings of Vuksanović-Macura, more than 70% of Belgrade’s inhabitants were categorised as poor or destitute, as they owned no property and were forced to spend significant portions of their meagre incomes on housing (see Vuksanović-Macura 2012). In Zagreb, working families either spent up to 60% of their income on rent, or built shanty houses in the periphery, next to the railroad and industrial facilities (Bjažić 2016). Then it was not uncommon to find several families living in a single room, as described here: “In the room, there are 6 scanty, rickety beds lined against the wall. Each bed is an apartment for a family. All the things each of the family uses are lined up next to the bed, or in a sack or sacks under it. In the middle of the room there is a small stove used by all the families” (Čepulić as cited in Bjažić 2015:34).

Directly after the war, large housing developments entered the first five-year plan, however, the construction industry had yet to be developed to enable housing production on a truly mass scale (Bjažić 2016). In addition to comprehensive development projects in the post-war period, the pre-war lack of housing and affordable apartments was initially being solved through programmes that allowed moving into what was then deemed “surplus” living space. This included parts of large urban upper-class apartments, or second and third apartments of the same owner. These post-war relocations into pre-war housing stock are in today’s political di-
scourse exploited in several directions, usually framed as “unfair property seizures,” but there is rarely an opportunity to discuss what was or should have been fair in a certain period of time. If we take into account the temporal distance and the described level of housing poverty, we find that it is difficult to objectively discuss the post-war distribution of the housing stock from the perspective of contemporary housing standards. What we can understand however is that inhabiting the surplus housing stock necessarily increased the hygienic standard of living and instantly decreased housing inequalities to a certain degree. At the same time, an important distinction existed between the apartments that were nationalised and those that remained in private ownership, but had tenancy rights attached to them. The very existence of the latter category proves that this was not a programme of “absolute” confiscation, but, in many cases, a limitation on ownership rights of those who had more than they needed. What makes this a distinct period in the Yugoslav history of housing policies, however, is primarily the centrality of decision-making and budget funding, with the state and its organs *de facto* making all the decisions on managing and distributing the available housing stock. This is why the 1945-53 period can be described as the period of “administrative management of the housing stock.”

**Self-management in housing**

The period of the administrative management of the housing stock was completed in 1953, when the new social management organs were established after the introdu-
ction of self-management in 1950. Clearer criteria were
established for distributing apartments, and the right to
housing was legally guaranteed as the tenancy right - an
individual’s or family’s right to use the apartment pro-
duced to them for life, as long as it was the only living space
available to them. The 1959 Housing Relations Act estab-
lished housing funds, funded from personal income con-
tributions and then called surplus industrial social produ-
cut. Furthermore, it was only in 1958 that Yugoslavia passed
the Nationalisation Act which made all rental properties
and urban building plots socially-owned, but private sin-
gle family houses and the attached land remained priva-
tely-owned. The Act did not remove ownership rights
over individual apartments, but provided for legal separa-
tion of buildings from the land they were built on, thus
separating apartment ownership from land ownership.
The measure of separating apartment and land owner-
ship was anti-speculative, but it also represented the final
legislative break with the previous system which put no
limits on housing speculation. The measure applied to the
pre-war housing stock as well as the newly-built socially-
owned apartments. But it should also be taken into acco-
unt that this urban land reform was what enabled
planning of large-scale urban housing developments. We
could say that the Yugoslav housing and urban planning
policies focused on use-value of apartments and urban
land, and systematically worked on decreasing their
exchange value, i.e., abolishing the pre-war real estate
market as well as creating legal avenues for fast producti-
on of housing. It is interesting to note here that the sepa-
ration of ownership rights over land and apartments will
become a stumbling block during privatisation of the ho-
using stock and creation of the today’s real-estate market.
With constitutional changes and passing of the new Housing Relations Act, in the summer of 1974, Yugoslavia entered the most advanced phase of its housing policy, characterised by considerable decentralisation. Once the Act came into force, it was no longer possible to apply for tenancy in a privately-owned apartment, which *de facto* meant the end of the post-war inhabitation of the pre-war housing stock with known private owners. The distribution of the newly built social apartments was done within a complex institutional frameworks of cities, local governments and socially-owned enterprises, all regulated at the level of the republic. The Act transferred the responsibility to organise housing developments to the so-called *Self-Managing Communities of Interest* [Samoupravne interesne zajednice, SIZ]. Self-Managing Communities of Interest could be established at different levels, by geographical or administrative units such as municipalities or local governments (with associations of local governments able to establish *Associated Self-Managing Communities of Interest*), by socially owned enterprises and by associations of private entities (such as craft businesses). The socially owned enterprises were managed by *Organisations of Associated Labour* [Organizacija udruženog rada, OUR], and they were, individually or in association, forming what was called *Basic Self-Managing Communities of Interest* or BOAL [Osnovne samoupravne interesne zajednice, OSIZ]. When it was not possible to establish a Self-Managing Community of Interest to collect funding for housing, an alternative was to establish a Housing Relations Committee defined by a collective agreement. Housing developments were still funded from percentage of personal incomes, but this time the portion was defined by the Community’s self-management agre-
ement, as well as from the portion of surplus social value determined by the workers’ council of the individual Organisation of Associated Labour, or of the association it was a part of. In Zagreb, on average 6% to 8% of each gross salary was allocated to housing developments (Jelinić as cited in Korlaet 2015). As the salaries were defined at the level of each OUR and depended on the success of every particular production entity, commercial success also meant larger investments into collective housing funds, thus creating a positive feedback loop between economic productivity and the size of the newly built housing stock. This complex system of funding and managing housing was coupled with a standardisation of technical requirements and design, which sped up the construction process by ensuring that the modular dimensioning of apartments and buildings was adopted already in the design phase (Korlaet 2015). Rather than lowering the quality of the apartments, codified design “[ensured] a market for products of the local industry, easier communication between designers, producers, builders and investors, the possibility to adapt each apartment to the users’ needs (smaller adaptations and changes) and a possibility to renovate the apartment while using it” (Korlaet 2015:14). This system of organised housing production managed to produce 2.75 times more apartments between 1976 and 1989 than up to 1975 (Korlaet 2015).

The Act even defined individual apartment buildings as self-managed entities represented by the president of the tenants’ council, and the method of governance – e.g. the system of representatives and delegates, similar to those in self-managed enterprises – was determined by the number of apartments in the building. The rent was determined by an agreement between the provider of the
tenancy rights (the enterprise, the local government etc.) and the building itself. The rent was defined according to the costs of construction, amortisation costs, etc.; a portion of the collected rent was re-invested into the provider’s housing fund, and a portion was spent on building maintenance. It should be noted here that one of the important flaws of the system was insufficient investment into maintenance, and this will serve as one of the key arguments for privatisation at the time Yugoslavia was falling apart.

The relations between the productive and the reproductive territory

Yugoslav housing developments were largely funded directly from the surplus (social) value created in the self-managed industry and other (socially-owned) enterprises of the period. If this is the lens we take to observe the city, we can read its geography as a relation between the productive territory which invests its surplus value via Self-Managed Communities of Interest to create the reproductive territory, i.e., the residential space and the associated public facilities and services. In addition to funding planned housing, enterprises also gave out very favourable self-build loans to supplement the insufficient production of planned housing units. In addition to that, in Zagreb, cooperative production of housing was responsible for a significant portion of housing developments in the second half of the twentieth century (see Korlaet 2015). This made for a complex framework of competences. As noted, the funding and the decision-making methods were defined at the level of the repu-
blic, along with the system of hybrid institutions on the intersection between production and reproduction – such as the Communities of Interest. But the intensity and the productivity of the system were defined at the local level. The self-management system of housing production also had inherent contradictions, especially in the way the decisions on the allocation of funds were made, with visible impact on the city space. Sekulić illustrated this well in the following explanation: “the same body was responsible both for setting up and implementing the BOAL’s [Basic Organisation of Associated Labour] housing policy, and for investing in the growth of the BOAL itself” (Sekulić 2012:27). This meant that “An unbalanced decision of the workers’ council would reflect on the number of housing units available for distribution among the workers. If the housing demands were met ‘too efficiently’, which the workers would obviously be in favour of, the future growth of the enterprise would be endangered and, as a direct consequence, their future investments in housing would be diminished and jeopardized” (Sekulić 2012:27).

The spatial footprint of the Yugoslav system of housing provision

The development of enterprises (and cities) led to a growing need for highly educated workforce, and this was reflected in the model of housing allocation. Even though Yugoslavia had a distinct, decentralised model of housing provision, in this aspect it was in clear correlation with the phenomena apparent in the Eastern bloc. The two different models both gave rise to what Čaldaro-
vić called “dispersed segregation”, prompting him to introduce the concept of “housing classes.” Simply put, the urban areas of socialist countries started displaying, from the seventies onward, what was called “spatial segregation of professionals” (Szelényi 1983). In Yugoslavia, the causes of the segregation can be traced to the very design of the model of housing allocation, as well as urban planning practices and inherited spatial inequalities.

Design of the housing allocation model and reproduction of (in)equality

The priority lists for the allocation of apartments were created according to a system in which points were awarded for a) length of employment b) family size c) shortage occupation d) current housing status. To take an example of a specific industrial system, the ironworks factory in the town of Sisak, workers with higher education qualifications made up only 25.8% of the workforce, but used 41% of the apartments built through ironworks housing programme and 44% of the total floor area, while the less qualified workers made up 74.2% of the workforce but used only 59% of the housing units and 56% of the total floor area available (Tadić 1991). Furthermore, the data shows that those with lower qualifications primarily used self-build loans in a ratio of about 73:27 – that is, almost four blue collar workers took such a loan for every white collar worker (Tadić 1991). It is obvious that qualified workers not only received a higher number of apartments, but also received larger apartments. This serves as evidence of the contradictions in the prioritisation system and the change in the prioritisation model which
led to a disproportionality between the housing need and one’s social status. Namely, the apartment allocation criteria were all based on the actual workers’ needs and their contribution to the housing fund (family size, length of employment, current housing status), except the criterion on shortage occupations which was directly concerned with enterprise growth and development and its need for highly educated workforce. To recall the contradictions pointed out by Sekulić, a successful enterprise was able to build more housing and meet more housing needs, and the criteria for allocation of housing exemplify the nature and the pitfalls of the complex and contradictory self-management system. We can also observe the discrepancy in the total floor area allocated to the workers with higher education as evidence of their growing social power as reflected in the improved housing standards. According to a study done by the Institute for Social Sciences and the Zagreb Faculty of Humanities and Social Sciences Department of Sociology from 1984 to 86, at the level of the republic “50% of manual workers used less than 15 m² per household member, but this was true of 30% of office workers and of 25% of the intelligentsia” (Čaldarović 1987:113). It is interesting to note that in this period, social power was not correlated with private ownership – managers, according to this data, owned less real estate than the workers. Belonging to a certain “housing class” depended on the standard of the apartment in which one lived, and not on what one owned.

The spatial inequalities in large Yugoslav cities, Zagreb especially, were also partly inherited from the pre-1945 period, and their continued presence in the urban space serves as evidence of the far-reaching impact of a previous period, regardless of the drastic socioeconomic
shift that happened between the periods. Thus the industrial Zagreb was developed in a way that located the richer strata on the slopes of the mountain Medvednica and the central districts of Donji Grad and Medveščak, while the eastern, western and south-of-the-railroad periphery was reserved for the proletariat. The statistical data from the 1980s indicate the continued presence of the discrepancy in the occupational structure of inhabitants between the centre and the periphery, which is still present. If we look at the data on the percentage of qualified and non-qualified workers in Zagreb districts in 1971 and 1981, we see that the portion of residents with higher education increased everywhere, but their spatial distribution remained very unequal, as listed in Table 1.

When the pre-war surplus housing stock in the city centre was inhabited during the first two decades of Yugoslavia, its social structure certainly changed, but during socialism the planning and construction of housing estates was primarily focused on the pre-war peripheries. It should be noted that the new apartment blocks, especially those built in the sixties, seventies and eighties, for the above mentioned reasons housed a significant portion of highly qualified workforce, and thus guaranteed an increase in the social heterogeneity of the peripheral administrative units they were placed in (Čaldarović 1987). Even though the social structure of their inhabitants was not fully reflective of the general heterogeneity of the population (they were however undeniably heterogeneous to a significant degree), inhabiting the highly qualified in former workers’ blocks, together with the infrastructure placed there – including the social infrastructure and public services – had a significant impact on the living standard in those urban areas. This enables us to
<table>
<thead>
<tr>
<th>Municipality</th>
<th>Higher education qualification</th>
<th>Secondary education qualification</th>
<th>No qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Centre</td>
<td>27%</td>
<td>36,6%</td>
<td>23%</td>
</tr>
<tr>
<td>B) Medveščak</td>
<td>32%</td>
<td>37,4%</td>
<td>24%</td>
</tr>
<tr>
<td>C) Dubrava</td>
<td>5%</td>
<td>9,9%</td>
<td>11%</td>
</tr>
<tr>
<td>D) Susedgrad</td>
<td>5%</td>
<td>8,9%</td>
<td>12%</td>
</tr>
<tr>
<td>Total (Zagreb)</td>
<td>16%</td>
<td>18,9%</td>
<td>19%</td>
</tr>
</tbody>
</table>

source: Census for the relevant years
conclude that the large residential blocks built in Zagreb in the second half of the twentieth century, due to their placement, served as a multifaceted redistributive element in the socialist society. However, the principle of locating large planned residential estates on the periphery was also contradictory from the perspective of distributing inequality, especially when considering the expansion of the city to the southern shores of the river Sava. Namely, instead of intervening in the area between the railroad and the river, which would change the pre-war inequality matrix, the city chose previously unused, agricultural areas to expand, with easier-to-settle legal issues and ownership titles, and thus left much of (albeit not all) the inherited inequalities as they were (Map 1).

The distribution of planned blocks in Zagreb in the final phase of self-management housing provision within the Socially Directed Housing Development model might be the best example of large planned interventions in the city periphery (Map 2).

Spaces of urban exclusion

Along with planned housing and allocation of socially-owned apartments, just like today, a key role in housing provision in Yugoslavia was played by the so-called familial patterns of housing provision (Rodik et al. 2019), predominantly in the form of self-build on a family-owned plot and often supported by the aforementioned favourable loans. Taking this into account, if we use the distinction used by Rodik et al. that differentiates between public, familial and market patterns of solving one’ housing needs, we can conclude that a portion of
MAP 1: City growth and expansion 1948-1981. Year 1948, population 320000, Year 1970, population 580000, Year 1981, population 660000
MAP 2: The locations of residential estates in Zagreb built according to the Socially Directed Housing Development model.
self-build housing in Yugoslavia is representative of a certain public-familial pattern of housing provision. Today it is no longer possible to trace the exact spatial impact of the loans for self-build, especially in large cities, at least not if we want to precisely define the portion and the location of housing built in this way. It is however possible to state that familial and public-familial patterns of housing provision to a large extent produced unplanned residential areas, which in turn reproduced geographic inequalities in Zagreb and other urban centres. Namely, the model of self-build loan provision was rarely connected to adequate urban planning and land management policies that would have prevented the displacement of self-built units to unplanned parts of the city – a phenomenon that could be defined as a type of exclusion. Thus, when discussing vast areas built without a plan, such as south-east Zagreb (e.g. area of Kozari Bok that is today an undercapacitated neighbourhood of densely built private housing) or Kaluđerica in Belgrade, Sekulić puts the blame on the imperatives of planning professionals who, she finds, consistently followed the dominant narrative of the state. She takes the example of Kaluđerica to explain that Belgrade as the capital of Yugoslavia, was “burdened by the representational and symbolic weight of that role” which meant that its aesthetics had to serve as an example “of the effectiveness of the “right to housing” system” (Sekulić 2012:42). This led Belgrade city planners to almost completely disregard the spatial consequences of self-building, and this went so far that the densely populated Kaluđerica district was persistently (as late as 2003) marked green in the Belgrade City Masterplan as if it was agricultural land rather than a huge residential area with inadequate infrastructure. Similar to Belgrade, but smaller in proportion, the unplanned
Estates of the south-eastern Zagreb were excluded from planning of functional residential areas. Thus a schematic map of Zagreb sub-centres in 1963 (Image 3) shows those urban areas as productive territory with no residential sub-centres.

In the current Zagreb Masterplan, the areas of self-built private housing from the Yugoslav period, predominantly placed in the city’s east and southeast, are mostly marked as areas in need of urban reconstruction; these are also the areas with the highest at-risk-of-poverty rates. Even though today’s at-risk-of-poverty-rates cannot be attributed solely to the Yugoslav period and the exclusion of self-built housing from urban and infrastructural planning, the phenomena does illustrate the spatial continuity of inequalities. That is, the areas of self-built private housing excluded from official plans in Yugoslav urban centres became, after the country fell apart, territories best suited to accommodate new exclusions from the infrastructurally endowed city areas.

However, we should take into account that cities, especially in the late eighties, established various modalities of planned housing production which did not necessarily produce apartment buildings, but instead built tract houses and small estates made up from single-family detached and semi-detached houses. These were built by combining planned development with self-build to save money. According to Đuro Tadić, the former manager of the Sisak Ironworks Basic Self-Managing Community of Interest, on the very eve of the Yugoslav war they funded blocks of tract houses allocated to their tenants sometimes as rohbaue. In such cases future tenants were able to become owners only after completing the house on their own according to the planned design and there-
fore lower the cost of housing through a combination of self building and planned construction. According to Tadić, to whom we spoke in 2015, for the Community of Interest the most difficult task was to explain to the managerial cadres of ironworks that it was fit to build single family houses in a socialist country by using collective funding. Even though this is just an anecdotal example from a single town, if we consider the same problem in Belgrade urban planning, we are able to get an impression of the identity-forming importance that was at the time given to housing production, as well as the role of planning institutions and managerial cadres in reproducing irrational links between the typology and the effectiveness of the socialist collective right to housing project. Even though we can’t go deeper into this relation between identity and typology, this certainly makes for an interesting topic that deserves to be further examined.
Chapter 2

PRIVATISATION, OR THE HOUSING REFORM
The privatisation process was only a starting point for a transformation of the very nature of housing. Just like the other states that came into being after Yugoslavia fell apart, Croatia abandoned “the idea of housing policy as an element of a comprehensive welfare package” (Rodik 2019:71). Housing policies were fragmented into encouraging and developing commercial bank loan schemes for the majority of the population, and housing provision limited to a minor portion of the population defined as welfare recipients. The former aspect of the housing policy is implemented via three dominant mechanisms: a) subsidies tied to contractual savings programmes; b) direct interest rate subsidies to buyers c) preferential loans in commercial banks to buy housing units built through state and/or local government programmes. Therefore we can say that Croatian housing policy from the nineties until today was marked by a succession of privatisations, deregulations and subsidies to market-based housing solutions (Rolnik 2010). And even though the system of housing provision inherited from Yugoslavia was dismantled and deregulated, in no way was this done without a legal framework. Quite the opposite – Croatia fragmented its housing regulations by enacting numerous laws, all inconsistent, mutually exclusive and marred with administrative loopholes (Rolnik 2010).

**Changing the nature of housing**

The transitional period can be divided into the period of privatising the socially-owned housing stock (1991-1997) and the period of establishing a social welfare system in
housing along with the first mechanisms of funding home ownership via commercial bank loans (1997-1999). At the time the privatisation of the socially-owned housing stock was taking place, in the early nineties, the programmes of privatising public housing stock were already well under way in the so-called West European welfare states, especially in Great Britain as a pioneer in comprehensive housing privatisation programmes. There, during the crises of capital in the seventies, the conservatives targeted their criticism on all types of welfare provisions, and the political jargon of the time depicted public investment into collective solutions of the housing issue primarily as unnecessary spending. At the beginning of the privatisation of the British public housing stock, it was opportune to focus on the housing issue as an aspect of the welfare state that was an easier target than other public services such as the health care system, because the consequences of housing privatisation become visible only in the long term and can thus be implemented and argued for more easily (Forrest and Murrie 1986). The British response to the seventies’ crisis can be observed in the direction of policies which gradually replaced the collective welfare state with the principle of what Forrest and Murrie call the individual welfare state (Forrest and Murrie 1986). The collective welfare state reflected the power of collective organising and trade unions. The weakening of this power was enabled by and reflected in the fragmentation of social groups targeted by housing programmes, commodification of housing, and individualisation of the housing issue. It was the individualisation of the housing issue that was one of the key mechanisms used by the early eighties British conservative government. The foreword to the 1979 Conservative Manifesto by Margaret
Thatcher thus begins with the following statement: “No one who has lived in this country during the last five years can fail to be aware of how the balance of our society has been increasingly tilted in favour of the State at the expense of individual freedom.” The Manifesto continues with a couple of pages of what was often deemed as rational solutions meant to revive the economy and “free” the individual. Some of the most important measures proposed aimed to weaken the role of trade unions and enable each individual to exercise their “right to work” free from “intimidation and obstruction” of trade unions. Similarly, measures were proposed to provide “the right to home-ownership” through affordable programmes of buying council and state-owned homes. The idea was to free the economy from the “expense” of public housing, and limit the welfare state mechanisms to a small number of those in the direst need.

**Right to housing as right to property**

The novelty introduced by Thatcher in ensuring consent for the template of neoliberal transformation of the housing issue described above was the innovative use of the concepts of “rights” and “freedom”. Because it seems obvious that living in an adequate space is the precondition for all other human rights, such as the right to health or to work, it is no wonder that the right to home-ownership sounds like a plausible idea. However, if we are talking about “rights”, it is not possible to speak of a *right* to housing as the right to *buy* a home. The right to housing is an abstract notion, with the *possibility* of buying a home only one among many mechanisms to exercise that right, but
in no way *the right* itself. Thus the fact that a number of countries in the second half of the twentieth century guaranteed availability of adequate housing to a large portion of the population by way of public housing programmes presents another *mechanism* enabling many to exercise their *right* to housing through collective investment and a legal framework safeguarding the stability of this type of tenure. Such a *right* cannot be reduced to property ownership, regardless of who owns the property. This means that for the exercise of the right, the ownership status is irrelevant – what matters are the *mechanisms* by which the state guarantees stability of tenure. What Thatcher deftly announces is the alignment of the legislation, the funding model and the institutional framework in a way that will make the individualisation of the housing issue and the normalisation of home-ownership the only *mechanism* available to exercise the *right* to housing.

**The territory of reproduction as the saviour of the territory of production**

It should not come as a surprise that in the midst of the deep economic crisis of the eighties in Yugoslavia, with the ability to collectively produce new housing units considerably diminished – also in the context of global domination of the neoliberal policies outlined above – the privatisation of the socially-owned housing stock and the individualisation of the housing issue were justified as a “rational” move to support the failing economy and finally break with what Gojko Bežovan in the nineties called “unsuccessful socialist development” (Bežovan 1993:115).
The privatisation process, that is, the *housing reform*, started with passing of the Act on Purchasing Apartments with Tenancy Rights in 1991. Even though ideas seeking to increase the homeownership rate were formed into policies throughout the twentieth century, Great Britain is used here as an example because the *Right to Buy* legislation passed by Thatcher’s government (*Housing Act 1980*) was basically copied in the privatisation of the Yugoslav housing stock, and the same happened in the largest part of the so-called Eastern bloc. To quote Manuel Aalbers, the programmes of housing privatisation in the former socialist countries, modelled after Great Britain, represent an “explicit reworking of social relations, a socio-economic “enclosure” process whereby individualized private accumulation is facilitated by dispossession of public resources“ (Aalbers 2016:29). The case of Yugoslavia required additional legislative efforts in order to dismantle social ownership and other anti-speculative mechanisms in order to create a real estate market. The privatisation of the housing stock will be almost completed by late 1997 and early 1998, however, it should be noted that the bulk of the process was completed in the first half of the nineties, during the four war years, and this unquestionably influenced the way in which the privatisation took place.

In the privatisation process, two categories of actors were identified according to their rights and claims on the housing stock. The first category were providers of housing, who were the holders of right to disposal: a) cities and local governments with a total of 111,197 apartments; b) socially-owned enterprises with a total of 215,038 apartments and c) the Yugoslav National Army with 51,529 apartments in Croatia. The other category were the
tenancy right holders. The total number of apartments to be privatised did not include privately owned apartments in socially owned buildings and so-called privately owned apartments with tenancy right holders living in them. Nationalised apartments could be bought by tenancy right holders but with a compensation for pre-WWII owners. The average size of a socially-owned apartment was 56 m², and the calculation offered in the working papers for the seminar “Purchase of socially owned apartments and denationalisation” organised by the Zagreb Faculty of Law in 1991 assessed their average value as 1300 DEM per square meter. Not counting the housing units built by the army, the value of all the apartments that could be privatised was assessed at 44 billion DEM, and the income from selling at the first, subsidised price offered, was supposed to be 14 billion DEM (Žuvela et al. 1991).

The early nineties housing reform was not limited to privatising the housing stock. The funding system was dismantled by revoking the right of enterprises to invest surplus social value into housing production. The logic of stopping collective investment into housing developments was built on the premise that surplus value previously allocated for housing could be used for enterprise growth and modernisation. At one point in the reform, the personal income housing contributions were reallocated, with the idea that they would serve as extra profit for enterprises (over 400 million DEM per year at the country level). From today’s vantage point, now that we know that during the transition period the majority of industrial and other enterprises in Croatia were privatised and then destroyed, such a justification for privatisation of housing for the sake of the future of the econo-
MAP 4: Map of an alienated city (and labour) – a part of privatised and decommissioned industrial sites in Zagreb area.

- Factory privatised and closed down / 0 jobs
- Factory privatised / jobs decimated
- Infrastructure destroyed
- Factory privatised / in the process of closing down
- Factory moved / land privatised
my sounds more than naïve (see Map 4). But this was the
time when the major economic crisis of the eighties in
Yugoslavia prevented the economy from providing suffi-
cient employment, let alone living space (in 1991 the pro-
duction of socially-owned apartments was halved when
compared to the eighties). It is clear how the economic
argument on developing the economy by stopping the
housing investments could have played such an impor-
tant role in securing support for this type of policies.

Tenure stability and institutional reform

After the Self-Managing Communities of Interest were
disbanded, their role was taken over by funds for housing
and municipal services. Ultimately the funds were also
disbanded and, e.g. in the case of Zagreb, replaced by to-
day’s City Housing and Municipal Services Company that
no longer organises housing provision, but deals solely in
housing maintenance. City departments for housing pro-
vision took over the distribution of the remaining public
housing to tenants, pursuant to decisions of the mayor or
the city council, along with continued privatisation and
maintenance of the remaining publicly managed housing
stock. It is interesting to note that in Zagreb, which has
almost a million inhabitants according to the Spatial
Planning Institute, the department for housing provision
employs only 18 people who, according to the data they
provided in 2019, manage around 7000 remaining City
apartments.

To refute the idea that housing privatisation was a
sovereign process, one only needs to look at the docu-
ments of the time, or, more precisely, observe the change
in the way the institutions like the World Bank related to the housing issue, and the proliferation of the idea that housing needs to be integrated into the market economy. In a 1993 paper by Stephen Mayo and Shlomo Angel, World Bank experts for urban development, we learn that the World Bank “has evolved during the 1980s and early 1990s“ and that it advocates for “a reform of government policies, institutions and regulations to enable housing markets to work more efficiently, and a move away from the limited, project based support of public agencies engaged in the production and financing of housing“ (World Bank 1993:1). According to this, the states should no longer engage in housing development, but merely facilitate housing provision, instead of providing housing on their own. Thus access to World Bank loans was largely contingent on the adoption of a model of market-oriented housing policies. At the same time, we do not argue that the local policies were completely shaped by external influences, but rather that along with the local circumstances that shaped the scope and the method of privatisation, one should also consider the position of the former Yugoslav republics, Croatia especially, as they looked to become integrated into the global market. Thus it should be noted that in the former socialist and communist countries, the World Bank prioritised the reforms that targeted property rights, housing provision and urban land management, with the aim of creating and developing a real-estate market (Rolnik 2019), and the legislative changes during privatisation consistently followed these priorities. We can conclude that even though, at the time, the privatisation of public housing stock was promoted as a way to enable economic growth and support the local economy, with a discourse
that focused on the “right” of each citizen to buy their home and enjoy “freedom” enabled by “personal capital”, in reality a very different economy was being created, one based on spatial exploitation and, later, financialisation of housing.

“Consent” to privatisation and alternative models of privatisation

One of the most interesting first-hand accounts of the early privatisation period was the one we heard from Đuro Tadić who provided us with a policy paper titled “Ownership Transformation of the Sisak Ironworks Socially Owned Housing.” The paper, produced in 1991, proposed an alternative model of privatisation of the housing stock built by the Ironworks. In an interview that we conducted in Caprag in 2014, Tadić claimed that at the time Ironworks employees, aware that the country was transferring to a market-based economy, believed that the enterprise would benefit more if the housing was privatised according to a different model than the one proposed at the national level and defined by legislation. The alternative model, approved by all Organisations of Associated Labour within the Ironworks on the eve of the war, enabled Tadić to propose, that the housing stock, worth around 200 million DEM, is privatised by establishing a share holding company. The proposal was based on the fact that only 50% of tenancy right holders were interested in buying their homes. The model was meant to correct a flaw in the Yugoslav housing model and distribute the value that was created over a period of 45 years equitably - to everyone who contributed, and not only to tenan-
cy right holders (as the Act on Purchasing Apartments with Tenancy Rights proposed). In the document, which according to Tadić was also submitted to the Parliament, the Ironworks proposed to divide the shares among all of the 37,000 people who worked for the Ironworks between 1945 and 1990. The idea was to award shares based on years of employment, and shares could then be exchanged for rent or lower apartment prices for those wishing to exercise their right to buy. The company would continue owning the apartments that the tenancy right holders did not buy, and collect rent. The newly established housing company would in that way profit from apartment sales and the rent, and these could be invested into modernisation of the Ironworks as well as new housing developments (Tadić 1991). This model took into account that by entering a market-based economy, housing units become a commodity; but it also saw the possibility that could today be interpreted as a sincere self-management instinct, to manage the property collectively for the benefit of the local economy and community. That is, the model proposed a continuation of the previously established housing relations by maintaining the collective, local bodies for housing management, instead of a complete individualisation of the housing issue. The proposal, as we know today, was refused; Sisak industry was decimated, and the town remained geographically outside of the propulsive real-estate market in which the apartments could have had the economic potential to modernise the industry (See Diagrams 1 and 2).

Croatia, just like other former Yugoslav republics, followed the model of the universal right to buy based on the Act on Purchasing Apartments with Tenancy Rights. The segment of the housing stock designated for privati-
Diagram 1: A schematic diagram of the decision-making structure and organisation of housing developments in Sisak Ironworks during the last phase of the self-management housing programme.
Diagram 2: A schematic diagram of the relationship between production and the housing fund according to the alternative model of privatisation of the Sisak Ironworks housing stock.
zation, as well as the conditions of purchase for a favourable price and the factors used to establish the price, were almost identical to the policy implemented by Thatcher’s government a decade earlier (discounts based on years of tenure, number of children, etc.)

The privatisation of the housing stock as a mechanism of ethnic cleansing

The “right“ to buy was formally provided to all tenancy right holders that lived in the apartment categories designated for privatisation. And yet, according to the 2010 report of the UN Special Rapporteur for Adequate Housing, around 100 000 former tenancy right holders, predominantly Serbian nationals, were not able to exercise their right to buy (Rolnik 2010). This would relate to around 30% of the total number of the housing units that were to be privatised, but were not bought by those with tenancy rights. This was made possible by the legislation adopted during the transition period, the war and its aftermath. The legislation included numerous individual acts and ordinances with mutually contradictory provisions that enabled legal confiscation of the apartments, primarily those with members of the Serbian minority as tenancy right holders.

The Act on Purchasing Apartments was amended during the war, and an amendment that particularly stands out is the 1993 one which introduced, as the Article 4a, the possibility to buy an apartment over which a third party had tenancy rights, in case the third party lost those rights. As noted, it was very difficult to lose tenancy rights, and yet the Act introduced this possibility for
tenancy right holders who failed to submit an offer to buy the apartment in person (in the wartime, when many were in refuge). According to the Act, the tenancy right could also be repealed if the apartment no longer contained tenants’ possessions, or if it had not been used for more than 6 months. This provision presented a direct abuse of the Articles 95 and 99 of the 1985 Act on Housing Relations. These Articles stated that if the tenant “with no plausible reason” left the apartment for more than six months, a court procedure could be launched against them to remove their tenancy rights. At the time when the 1985 Act was passed, the Articles served to prevent misuse of socially-owned apartments. But in the war and post-war Croatia the Articles were turned into tools for confiscation of socially-owned housing units – namely, in the 1990s the courts did not consider war atrocities to be a “plausible reason to leave the apartment”, and the vast majority of the court procedures took place in absentia (Rolnik 2010). The wartime amendments to the Act on Purchasing Apartments also obliged the tenants’ councils’ presidents to report empty apartments to the authorities, again transforming the provisions of the Act on Housing Relations. These provisions, combined with the provisions of the 1993 Act on Temporary Accommodation and the later 1995 Act on Renting Apartments on the Freed Territories, enabled Croatia to use the real need to provide accommodation for refugees and internally displaced persons, as a basis for legal and legally sanctioned confiscation of apartments with tenants of Serbian nationality. The Article 4a of the Act on Purchasing Apartments was deemed unconstitutional after the war, in 1996, but the Act kept the provision that tenancy rights would be revoked for those who spent more than six
months on the occupied territories during the war (parts of Croatia controlled by Serbian armed forces). It should be mentioned that such a provision did not apply to those who left the occupied territory for other parts of Croatia before the military actions of the Croatian forces that re-integrated the territory. Simply put, the acts made it very difficult, and sometimes impossible, for members of the Serbian minority to buy the apartments over which they had tenancy rights. Thus, the legislation attached a locally specific, nationalist addendum to the privatisation project in order to ensure successful ethnic cleansing.

The fact that the privatisation of socially-owned apartments was incorporated into the policy of ethnic cleansing is essential in understanding the characteristics of the whole process, as well as its impact on the ethnicity-based distribution of housing statuses, and on the geography of today’s urban centres. This perspective also enables us to understand the housing issue as a tool of multiple oppressions, be they based on class, race, ethnicity, or, often, a combination of all three. Here we also need to mention the parallel process of selling property owned by those forced to leave the Croatian territory during or after the war. Namely, the sale and exchange of property, made necessary by war migrations, before 1997 took place through private channels and was arranged by private agencies specialising in this type of transactions. After the war, Croatia, unlike, for example, Serbia and Montenegro, decided to organise all sales of refugee property under a single umbrella institution, the Croatian Real Estate Agency [Agencija za pravni promet i posredovanje nekretninama, APN]. The Agency was to act as a broker for refugees wanting to sell their property to the Agency, that is, to the state. On paper, this may look as if
the state was merely intervening into housing provision and performing transactions that would have happened anyway. But the fact that at the very same time the state was preventing Serbs from returning, the way in which the transactions were being performed, the speed with which the cases were closed, and the lack of essential background checks, all point to an institutionalised form of what Feral Tribune weekly called “the gentle phase of the ethnic cleansing project” (Rašeta 1997). Namely, even though the establishment of the Agency garnered international support, according to an UNTAES survey, of all Serbs who found refuge in Podunavlje region, only 20% expressed a desire to move to a third country. According to a 2010 UN report, even after two decades Croatia still failed to develop adequate programmes for Serbs to return to their pre-war homes. That is, the state invested the majority of its institutional resources and funding into preventing the return, and the Agency was an institution that at least offered some kind of compensation to the refugees. As noted by Boris Rašeta in an article written in the year when the Agency was established, “the capital offered by the Agency will surely act as an important incentive for those who have still not decided if they wanted to return to Croatia: it is easy to see that the majority of Serbian refugees will, between a bird in hand (Tuđman’s thirty pieces of silver⁰⁴) and two in the bush (return home), choose the better, former option” (Rašeta 1997).

⁰⁴ The Croatian president at the time, Tuđman, in a famous speech stated that the enemies of Croatian independence, obviously referring, among others, to the members of the Serbian minority, were willing to sell their homeland for Juda’s thirty pieces of silver.
Apartment purchase as “(forced) measure of necessary stabilisation of the family housing situation”

Even though today we regularly hear of absolute, unequivocal support for privatization of socially-owned apartments in the nineties, the data from the time point to a different reality. The expected interest in buying the apartments was in 1991 assessed at 50% (Žuvela et al. 1991) and the data from Sisak Ironworks are in line with this assessment. Admittedly, a 1992 survey by Ognjen Čaldarović already indicated an overall agreement with the policy among those with tenancy rights, but at the same time, as much as 70% were not yet sure if they wanted to buy – the explanation offered was the lack of information, while the tenants themselves mention not having enough money to pay the first instalments. Similar results to this Čaldarović study on the level of information available to tenancy right holders during the purchases appeared in a survey done at the centre of this type of policies, Great Britain. A national survey published in 1988 by the British Department of the Environment showed that the majority of tenants lacked sufficient information on the right to buy process, but that thanks to the media campaign, everyone knew that it was possible to buy their apartment. It is interesting to note that in Croatia, 68,3% respondents in 1992 strongly disagreed with allowing sales of the land attached to the apartments, which would ease property division and enable easier functioning of the real estate market. This is how Čaldarović interpreted the phenomenon: “The ‘generalisation’ of the readiness to buy has been confirmed over and over again, but its true nature remains hidden”, adding that the decisions to buy were made in the context of ex-
treme housing instability manifested in the “lack of any real alternatives.” Čaldarović continues with stating that “at the same time, the data collected indicate that the apartment, as future real estate, is least seen as property to be disposed of at the future real estate market, and that buying the apartment is first understood as a (forced) measure of necessary stabilisation of the family housing situation. In this sense, the “freedom” to own and to become an economic actor in the real estate market is only symbolically expressed here. This is also a testimony of the classical separation between the state and the citizen in which the latter acts merely as a subject following the (necessary) situational changes which appear (from time to time) in the form of certain regulations, decrees and laws” (Čaldarović 1993:1030).

It is interesting to note that the campaign promoting individual freedoms and the right to own went hand in hand with the removal of institutions established to safeguard housing stability regardless of ownership (Self-Managed Communities of Interest), and those not wishing to buy their homes were threatened with rent hikes and general precarity of tenancy in this category of apartments. To be more precise, we should paraphrase Čaldarović’s conclusion that the true nature of the freedom is hidden in the coerced decision to buy the apartment, the coercion created by abolishing the alternative guarantees of housing stability, or, in his words, “the decision to buy was in a way ‘forced’ as a protection of tenants against the insecure (housing) future” (Čaldarović 1993:1030). As explained by Forrest and Murrie in the case of Britain, the real point of the Right to Buy programme was not the privatisation of public housing: it is more correct to interpret the proclaimed consent to the right to
buy and the “desire to own a home” as a “socialized’ form of housing provision, a form of state subsidized individualism” (Forrest and Murrie 1986:61) which will have far-reaching repercussions on the attitude formation and housing policies in the following period.

Finally, it is quite tragic that currently we have little idea of where the funds collected from the apartment sales ended up. The Act defined which portion of those funds needed to be paid to the state budget, or to the privatised enterprises – most of which were soon liquidated. The funds earmarked for local governments were according to the Act to be used to pay for so-called confiscated pre WWII property via so-called Housing Management Funds. The Funds were in 2014 turned into Funds for Compensation for Confiscated Property, which were in 2017 overtaken by the Ministry of Finance and then abolished. It is interesting to note that in most cases, the enterprises relinquished their rights of disposal of housing stock to local governments in order to diminish enterprise assets and thus ease the privatisation process.

The purported re-investment of the funds is difficult to trace, as the collected funds were distributed in a way that makes it impossible to establish if and to what degree they were indeed used for promised continued housing provision. The analysis shows that the legislation adopted after the war in relation to public housing programmes contained no mention of such funds all up until the passing of the 2001 Act on Publicly Subsidized Housing Construction. Thus, while we have no evidence for such claims, we do not find it surprising that housing rights activists, and even the former UN Special Rapporteur for Adequate Housing, Raquel Rolnik, often report that the funding was spent on war supplies and weapons.
In the after-war period, most of the public funding for individual apartment purchases and housing developments targeted veterans and their families. The 1990s saw the establishment of the Fund for Long-term State-Supported Apartment Construction, with the Act establishing the Fund determining that 1% of government current revenue would be transferred to it annually. The Fund functioned as part of the Croatian Bank for Reconstruction and Development [Hrvatska banka za obnovu i razvoj, HBOR] up to 2010 when the Act on Stimulating Apartment Sales repealed the connected legislation, and transferred the Fund to the Croatian Real Estate Agency. Originally, the money allocated to the Fund was to be used for housing loans, or subsidies for loans provided by commercial banks. In parallel, the 1998 Act on Contract Housing Savings defined the possibility to open contract savings accounts for housing in newly established thrift institutions and receive annual state subsidies. Similar models of subsidized contract savings were at the time particularly popular in France and Germany. In Rolnik’s words, such a system is “besides stimulating the marketplace”, through channelling savings into financial institutions, also “guaranteeing the commitment of individuals and families to the financial system and rewarding those who put something aside – a fundamental element of the biopolitics of life financialisation” (Rolnik 2019:83). The Act on Contract Housing Savings stipulated that each contract savings account would be subsidised by the state in proportion to the amount saved, and it also foresaw subsidies for construction companies. What is interesting in the design of the system is the clause that after 5 years, each owner of the home savings account was free to use the funds (minus the thrift institution fee) for
Spatial distribution of housing developments during transition: the example of Zagreb

The lack of housing space in urban areas became a significant issue already in the eighties, during the Yugoslav crisis in housing provision, and there is no doubt that during the war and its aftermath the internal migrations additionally increased the housing need. At the time the “intergenerational housing transition” became more prominent which meant that “during the transition the frequency of living in a place owned by parents or relatives doubled” (Rodik et al. 2019:331). To comprehend the spatial impact of such trends we will observe the transformation of several Zagreb districts during the nineties. The response to the housing need was most prominent in the parts of Zagreb that inherited a “clean” ownership structure thanks to a dominant morphology of private houses and connected plots that were, and still are, privately owned. Examples of such districts, where the spatial imprint of transitional investments is particularly prominent and apparent in the increase of density, are Trešnjevka and Kajzerica (Images 1, 2, 3, 4).

The significant increase in density in these and similar city districts was the result of several factors. On the demand side, the lack of planned response to the housing needs and the opportunity to buy private living space, facilitated by accumulation through privatisation (Rodik et
IMAGE 1: Kajzerica: urban structure, total built-up area in 1990: 14 062 m².

IMAGE 2: Kajzerica: urban structure, total built-up area in 2004: 163 117 m².
IMAGE 3: The transformation of a part of Trešnjevka: the area in 1990.

IMAGE 4: The transformation of a part of Trešnjevka: the area in 2003.
al. 2019); on the supply side, the opportunity to activate relatively small amounts of capital and build housing by exploiting loopholes in the grey areas of spatial planning regulations. The privatisation and dismantling of large construction companies that drove their architects to small private enterprises, combined with an almost complete lack of public investment into planned residential developments, led to a drastic change in the scale of construction in a relatively brief period of time (see Blažević et al. 2004). Legal amendments were also conducive to the change as the regulations in spatial planning and construction abolished the need to implement lower-order plans and allowed constructions solely on the basis of guidelines from the Masterplan [Generalni urbanistički plan – GUP]. The Masterplan, inherited from the socialist times, contained no mechanisms for limiting the building density of individual plots as its purpose was to provide guidelines for lower-order plans, including Detailed Development Plans [Detaljni planovi uređenja, DPU]. By abolishing the Detailed Development Plans, the state enabled the capital available at the time to use the construction capacity of small private plots to the maximum. The 1986 Masterplan defined the maximum construction capacity for each plot but without limiting the number of stories or the maximum gross building area. By leaving out a level of planning between the Masterplan and the location permit, the state de facto enabled urban building density to increase by meeting the profit motive of the investors who were then placing their capital in property development, and in doing so sacrificed the quality of the residential and urban space. The escalation of building density in certain districts was not reciprocated by plans to increase the available public services and spaces, and
the new Masterplan, adopted in the early 2000s, merely legalised the practices defined in the transitional period (see Images 5 and 6). The new Plan did introduce a new category of regulations, so-called urban rules, but it continued to define potential developments on a plot at the level of the Masterplan, thus cementing the scope of urban planning at the level defined by the 1990s building developments (see Blažević et al. 2004).

The above can be readily observed when looking at the current level of development of Kajzerica, or, for example, central parts of Trešnjevka-North. Consider further that in 2011 green areas made only for 3.2% of the total area of Trešnjevka-North district, while the neighbouring downtown district had more than two times more. As for public housing policies and state subsidies during the war, we already explained that a portion of housing needs were met through apartments whose tenancy right holders were forcefully evicted or in refuge, while in the aftermath of war the public housing developments were primarily targeting veterans and their families. In the 1990s Zagreb such developments were concentrated in Borovje, a peripheral neighbourhood with poor communal infrastructure. The programme was not particularly successful or efficient – out of two buildings planned originally, only one was actually built during the transition period, i.e. the nineties.

The housing stock that was not designated for privatisation, as well as the apartments that were but remained unsold as of 1997, were after the dismantling of the housing development funds put under the management of local governments and the City of Zagreb. These apartments are relatively equally distributed over Zagreb districts, which is the result of a coincidence rather than a
IMAGE 5: Kajzerica: Built-up area and construction potential: a projection of the remaining construction potential of 290,562 m² until 2008.

IMAGE 6: Kajzerica: Built-up area and construction potential: a projection of the total maximum built-up area in 2010.
plan. In 2010 the Act on State Property finally recognized that most of these apartments were actually owned by the state, but those that had already been privatised remained in private ownership. It is thus possible to say that during the second wave of privatisation the local governments were functioning in a grey legal area created by the swift ownership transformation process.
Chapter 3

WHAT IS TO BE DONE WHEN THERE IS NOT MUCH LEFT TO PRIVATIZE?
n the early 2000s household debt spiked as foreign banks entered the local market and introduced new financial products, interest rates decreased, public housing was not available, rental housing market remained unregulated, and the state and the local governments adopted numerous policies encouraging home ownership through debt. That is, in Rodik’s words, “housing developments and real estate market activity, along with the rising real estate prices, contributed to a boom in housing loans; but also to a boom in loans to construction businesses that supplied housing in the context of an absent housing policy and undeveloped rental market” (Rodik 2019:42). This enables us to look at the pre-crisis period in Croatia as the beginning of a social process of financialisation that normalised debt in the form of housing loans. The financialisation process would lead to a reconfiguration of families’ and individuals’ decision-making. Social relations changed as repaying debt and guaranteeing for each other’s loans became important variables in family and wider relations. While this is of course a complex phenomenon beyond the scope of this study, we can use Aalbers’ broad definition of financialisation as “the increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households” (Aalbers 2016:81).

**The expansion of housing debt**

Between 2000 and 2008 the Eurozone countries saw a spike in housing debt, as between 1999 to 2007 it grew from 27% to 42% of GDP. In the countries of Eastern and
Central Europe “the debt grew more quickly, but at the end of the growth period it still remained below the EU-27 average” (Rodik 2019:46). In this period, the housing debt grew by 3% in Germany but by 46.6% in Slovenia (Rodik 2019). And even though the pre-crisis years were marked by rising housing debt everywhere in the world, the European periphery stood out with the degree of credit expansion. There it led to more substantial socio-economic shifts than in the countries of the European centre where the expansion assumed a slower pace. The differences in the growth rate of housing debt per country can be explained by their specific circumstances and housing policies. But the countries of the European periphery transformed their housing policies towards market-oriented models of housing provision, which made them especially attractive for placement of housing loans, and more vulnerable to crises. The pace of credit expansion in the former socialist countries also resulted in slowing their recovery as the financial institutions backtracked from credit provision more markedly in the periphery than in the centre, making these countries particularly vulnerable to consequences of the housing bubble burst (Bródy and Pósfai 2020).

The influx of capital from foreign banks that acquired subsidiaries in Croatia through privatisation of local banks was one of the key factors of credit expansion, a phenomenon common to all former socialist countries. The housing issue is central to the relationship of interdependence between the countries of the periphery and the centre, because the former socialist countries had previously been among the least saturated by housing debt, and thus particularly suited for expansion of financial products and capital placement via housing loans.
(Bródy and Pósfai 2020). Rodik explains that foreign, primarily Austrian and Italian, “parent banks had access to cheap money which could then be placed in Croatia with high interest, yielding huge profits” (Rodik 2019:16). The difference between “cheap” foreign capital and “expensive” local interest is at the very heart of the relation between the Eurozone and the local system of housing provision, and Croatian housing policies are closely intertwined with the expansion of housing debt, as they created legislation and institutions designed to legitimise and further encourage such debt. Even though the interest rates plummeted between 2000 and 2008 (from 12% to 4%) (Vizek 2008), they remain a couple of points higher than in the banks’ home countries (see Chart 1). And, the falling interest rates further facilitate access to loans. At the same time, the increase in personal incomes and the decreasing interest, combined with financial products designed to become as widely accessible as possible, made home-ownership more accessible, without paradoxically, making it any cheaper.

Debt goes up, affordability goes down

While household debt was increasing during the pre-crisis period, housing affordability in Croatia decreased. Namely, real estate prices rose by 7.2% annually at the country level, and by 6.4% in Zagreb. The growth rate was higher than in other capitals like, say, Vienna or Madrid, and amounted to cumulative growth of over 50% (Vizek 2008). Decreasing housing affordability meant that an average “inhabitant of Zagreb had to spend 19.1% of their portion of GDP for a square meter of real estate,
CHART 1: Interest rates for newly issued home loans, annual average in percent
while an inhabitant of Vienna would pay 9.5% of their portion of GDP for a square meter, and an inhabitant of Dublin, 11.1%” (Vizek 2008:289).

In short, easier access to home ownership via home loans is not proportional to affordability (Aalbers 2016), because wider accessibility of loans provides for a more competitive real estate market which necessarily implies a price rise. Those who benefit most from such a rise are not new owners, but long-term owners who had acquired their real estate in the earlier periods, before the real estate market was integrated into global financial markets (Aalbers 2016). In the case of Croatia, these were primarily those who bought their homes during the privatisation of the Yugoslav housing stock, and the generations inheriting them, depending on the attractiveness of the location in terms of its regional and urban position. The shifts in prices and the nature of the real estate market thus served to strengthen the generational and geographical, that is novel class differences based on housing wealth, and in that the distribution of Yugoslav housing wealth played a major role.

The rise in disposable incomes has undoubtedly been an important incentive for debt growth, together with what is described as “life cycle theory” – which posits that “younger households expect constant future income, and are thus optimistic about their ability to repay debt in the future” (Herceg and Šošić as cited by Rodik 2019:42). But Aalbers adds another, important perspective. Namely, according to Aalbers, “Part-time and flexible forms of work have now become the rule rather than the exception, and life courses have therefore become not only more flexible, but also more unpredictable and insecure” (Aalbers 2016:43). This definitely happened in Cro-
atia, which responded to the crisis by further liberalising its labour market, but its institutions and housing policies failed to factor in the fragmentation of the life cycle and thus persisted in incentivising home ownership through long-term housing loans. To make matters worse, “the foreign debt of the financial sector grew more quickly than the foreign debt of other enterprises and the state, and was thus predominantly targeting financial investments rather than investments into the real sector” (Vidaković and Zbašnik as cited in Rodik 2019:41), thus turning credit into a major generator of economic growth. That is, as described by Aalbers, “The financialisation of home was never designed to enable homeownership; it was first and foremost designed to fuel the economy.” (Aalbers 2016:55). Thus in Croatia in 2008 home loans made up for 40% of GDP, as much as seven times more than in 2000. (Rodik 2019).

Financial products expanding to a wider spectrum of social groups: toxic loans

The sharpest rise in number of housing loans took place between 2004 and 2008 when it grew for 202%, or 40% annually (Vizek 2008). At the same time “banks lowered their standards and from 2005 to 2008, towards the very end of the credit boom, approved loans for less creditworthy citizens” (Rodik 2019:42). While most housing loans in Croatia are foreign currency loans, the “lowering of credit standards” was especially significant in the case of housing loans denominated in Swiss francs. These were promoted on the Croatian market as loans with lower interest, and as this meant lower monthly instalments, they could be offered to a wider group of potential
users. Namely, creditworthiness is assessed by banks on the basis of household income. To have a loan approved, the expected monthly instalments must not surpass $1/3$ of monthly household income. The calculation stems from the projections of loan recovery based on foreclosure legislation that prevents foreclosing more than $1/3$ of debtors’ monthly income. All of this meant that with lower interest rates and lower monthly instalments, households that would not have been eligible for loans in kuna or euro, could receive loans in Swiss francs (Rodik 2019). The banks started placing loans in Swiss francs partly because at the time they were able to borrow them cheaply, and consequently lower their interest rates and expand credit to additional social strata without losing profits. At the same time, as explained by Rodik, the banks knew that “the currency risk could threaten their profits” and thus implemented a region-wide model “placing foreign currency loans by using a single-currency carry trade designed to transfer risk to households” (Gabor as cited by Rodik 2019:63). Regulatory institutions in the region, instead of trying to prevent or stop such practices, looked favourably at such loans and even accepted them for public programmes of housing provision. Specifically, a portion of households participating in the Publicly Subsidised Housing Construction Programme (POS) received loans in Swiss francs, promoted by Splitska Banka, one of partner banks in the Programme (Rodik 2019). When the real estate bubble burst and the crisis ensued, Swiss franc grew significantly against Croatian kuna. As the financial product was designed to transfer risk to households, a total of 74,000 households with housing loans in Swiss francs saw their monthly instalments multiply.
The legislative framework of housing designed in Croatia in the 2000s created a housing policy to which we can ascribe the following features: a) adoption of numerous short-time measures incentivising real estate and housing loan markets b) the institutional design of housing provision reduced to debilitated local services managing the remnants of public housing c) legislative and institutional neglect of tenants’ rights in the rental housing market d) centralised decision-making system for investments into public housing developments.

**Spatial footprint of pre-crisis housing provision**

In a system in which the major driver of economic growth in cities is debt anchored in the real estate market, and the possibilities of implementing urban planning documents are being consistently reduced by legislative amendments, public land becomes all but decisive in creating affordable housing. In the nineties the majority of construction projects in the cities, and housing developments in particular, were located at small and fragmented urban plots and individual private plots. But in the 2000s new, planned residential estates were being built on large public and privatised plots. Locations of planned residential estates, even those built within public housing development programmes, were not chosen according to any strategic or planning logic. The only logic followed was the logic of ownership of large properties, that is, building plots. Without the key mechanisms necessary to implement urban plans, such as urban land consolidation and similar methods of regulating fragmented
private property in line with a plan and with refunds, planning was reduced to fragmented, dotted interventions based on the property mix rather than a strategy. As described by a planner, Nikša Božić, “plans, if there are any, are reduced to general provisions relating to construction. Everything is possible, open and flexible and actually designed to create an illusion of planning” (Božić 2020).

Publicly owned urban land and the housing issue: the example of Zagreb

It is quite curious that although the scope to implement plans was consistently reduced, planned housing was still imagined as huge estates of the Yugoslav type, regardless of the fact that the conditions and the context of planning, production, distribution and housing cost have all been completely transformed. The impossibility of implementing plans led to, among other things, building new planned housing estates primarily in the place of former factories or military facilities - that is, on large plots with clean titles. Housing developments on privatised or publicly owned former industrial land presented a clear break with the Yugoslav tradition. Namely, the productive territory that in the past funded most developments in the reproductive territory, has become, through the transformation of the economic system and the ensuing privatisation, valuable solely as building land. Hence, what used to be productive territory, now produces debt instead of real value. But the geographical distribution of privately funded developments differed significantly from those built with public funds, in terms
of their proximity to the infrastructure and public facilities, as well as access to leisure spaces.

The new Masterplan and old exploitation practices

The City of Zagreb, for the first time after the eighties and the 1986 Masterplan, created and adopted a new one in 2003. The Masterplan did little more than superficially address the problems created during the nineties’ planning vacuum, as explained on the example of Kajzerica, but the 2003 Masterplan did include a new category in urban planning – so-called city projects. The 2006 Masterplan amendments introduced locations for 32 such projects, and with 2007 amendments the number increased to 57 locations (Jukić et al. 2009) (Map 5).

At first the city projects were located on plots larger than a hectare and predominantly owned by the city, the state, or companies owned by the city, but the 2007 and 2009 Masterplan amendments also added privately owned plots to the category. City projects present a planning mechanism which exempts certain locations from strict Masterplan regulations (except the planned land use) as well as any future Masterplan amendments. The logic of city projects was taken over as an existing practice developed in Europe since the eighties. The idea behind city projects is that by freeing primarily publicly-owned space from strict Masterplan regulations, a specific mechanism of spatial planning and negotiation is created that enables cities to develop and plan their resources more freely. According to a plan proposed in 2000s, never adopted but used as a starting point for the
2003 Masterplan, city projects are locations in which “public interest joins the interests of private entrepreneurs by singling out certain city spaces as areas for strategic consolidation and urban renewal that will meet the needs of the citizens of Zagreb as well as of the available city and private capital” (Zagreb 2000+ New Urban Strategy as cited in Jukić and Smode Cvitanović 2011:13).

Regarding the planned land use, out of all city projects, ten were planned as primarily residential, but only one, the Podbrežje Estate city project, was built as a programme of public apartments for rent under the so-called Zagreb Model of Apartment Construction. The definition of city projects presented them as locations that could use the mechanism to increase the quality of the city’s development. However, planners such as Jukić and Jurković criticized the location selection criteria because they focused on ownership and thus, instead of comprehensively and strategically planning the city, contributed to its fragmentation (Jukić and Smode Cvitanović 2011). But the analysis here allows us to advance a thesis that city projects were never meant to improve the strategic city planning by adhering to professional standards to meet the needs of citizens. Instead, we believe that city projects are a mechanism of exemption from standards and regulations introduced to facilitate market placement of urban land. The logic behind this is certainly based on ownership, or rather, on planning to run the city’s economy by using land ownership as a collateral for loans.

In 2007 the largest City-owned firm, Zagreb City Holding Ltd, sold 300 million bonds at the London Stock Exchange, and, as part of a programme to refinance that loan, took further loans at the local market in 2016 by using city property as a collateral. Thus, the early hopes of
Map 5: Locations of city projects (blue dots) in the current Zagreb Masterplan
planners that the introduction of the city projects mechanism was announcing a return to some form of central urban planning, would be mocked and let down for a number of times in the years to come. At the same time, most city project locations are not subject to lower-order urban plans that would have to undergo public consultation as a legal mechanism allowing the public to influence spatial development, and thus the citizens are completely excluded from the procedure.

Geographical allocation of population trends – the process of urban exclusion

When discussing the proclaimed aim of city projects to “meet the needs of Zagreb’s citizens” it is interesting to look at geographical allocation of population trends and risk of poverty. Namely, the City of Zagreb consists of a number of settlements, with Zagreb as the central and the largest urban settlement, but administrative city limits also include settlements to the east such as Sesvete, and to the south, such as Brezovica. Even though the area within the wide city limits has seen its population grow by 1.4%, and the number of households increase by 10.24%, the Zagreb settlement (the area of the Zagreb Masterplan) saw its population consistently decrease between 2001 and 2011. Most of the central city districts like Donji Grad, Trešnjevka, Trnje etc. lost inhabitants, and the trend was most prominent in the most central district, Donji Grad, which in that time lost as many as 8084 inhabitants, or almost 20% of its 2001 population. Gornji Grad-Medveščak came close, with a 15% fall, and the population of Trnje decreased by 7%. At the same
time, a peripheral district west of the centre, Stenjevac, had its population grow by 25%, followed by Sesvete to the east with 19% and Brezovica to the south with a 10% population growth. These districts have a heightened poverty risk when compared to the central ones, lower rents and cheaper housing. In fact, the further from the centre a district is, the lower the rent and cheaper the housing, which implies a correlation between population trends and housing costs. It is also interesting that the number of housing units grew in all districts, including Donji Grad which gained 2086 new apartments, a 10% rise. The largest number of new apartments were built in Sesvete, which had a whopping 50% rise in the number of newly built housing units during the period. The public and social facilities (see Map 6) did not follow the migration, and the majority of public, social, cultural and administrative facilities are still located in the central districts that are losing inhabitants.

Housing prices, rising rents and unaffordability of urban Zagreb districts are all taken into account when a household decides to resolve their housing problem, and this leads to decreasing social heterogeneity of urban districts. Even though the population data is not sufficiently detailed to tell us if people are leaving the urban core or being prevented from moving into it, we find it interesting to observe the trend of “giving up on the urban core” as a kind of a gentrification process, or a process of exclusion from the infrastructurally endowed urban areas, mediated by housing prices.

Going back to the geographical distribution of city projects’ locations, we can see that they are quite densely concentrated in the city centre, but none of the centrally positioned locations of city projects are, according to
MAP 6: Zones of public and social facilities in the City of Zagreb.
Masterplan, designated as locations for public housing, even though that would impact the affordability of the urban core as well as help prevent its social homogenisation. Central urban land owned by the city, such as Zagrepčanka in Heinzelova Street, Gredelj or Badel Block, with the latter two at the very intersection of the three districts with the most expensive housing and the highest rents (Donji Grad, Gornji Grad/Medveščak and Trnje), was never considered for public housing programmes which would surely slow down the gentrification trends. Probably even more importantly with regard to efficiency and rationality as starting points of public housing programmes, these locations are fully infrastructurally equipped and within the tramway zone, and thus ideally located to prevent unnecessary and costly expansion of the public transport infrastructure, not to mention the potential to use the existing services and facilities.

Public housing programmes are instead located in the areas that already have a population increase, somewhat lower housing (and even urban land) prices, and which have been identified as areas with a higher poverty risk (see Map 7) than central urban zones. And while public housing developments were being located in the peripheral parts of the city, a City Department of Planning report notes the “attractiveness” of the central city-owned areas (Izvješće o stanju u prostoru grada Zagreba za razdoblje 2003. – 2005., [Report on the State of the Urban Spatial Structure 2003 – 2005]). If the economic policy is to use the city-owned land as a debt collateral and to fill budget holes, then it is understandable that planners would locate any public housing on cheaper plots. Instead of trying to improve the living standard and further develop the city, the planners hold on to central locations as debt collateral that can be privatised if needed as a
quick fix for the city budget. We wish to emphasise here that even though “attractiveness” is an adjective normally used in the urban planning discourse, it is actually meaningless if we are talking about the function of certain city areas in terms of using and developing the city. Especially if we know that the basic parameters in planning public housing developments are efficiency and rationality. Locating public housing on the periphery does not decrease costs of production of housing units because the land is already publicly owned and thus does not determine the costs in a way that buying land would. Thus, when planners use “attractiveness” as an argument with professional bearing and a feature of urban locations, they merely express their (conscious or not) consent to an ideology in which allocating publicly owned urban land for future machinations in servicing debt or some other investment is more important than meeting current and future needs and quality of living. We can perhaps equate this with what was in time of Yugoslavia done with unplanned housing areas – planning institutions turning a blind eye to what is actually going on the ground for the sake of, on the other hand, blindly following the dictate of the prevailing hegemonic discourse. But, what can be frustrating for us today (and for sure was frustrating for many during the period of Yugoslavia), the planners (both in schools, practice and institutions) still maintain the notion that they operate from a politically neutral position. In short, for the most part they do not accept the notion that they are planning a city in which market value of urban land is seen as a guarantee of city’s prosperity, unlike affordable housing and reduction in spatial inequalities.
MAP 7: Location of estates built within public housing development programmes in Zagreb in relation to poverty risk distribution.
Discrepancy between infrastructural and housing programmes

The dotted, ownership-based planning does not have the potential to strategically define city development, or adjust infrastructural interventions to housing and other needs. Probably the best examples in Zagreb area are large investment projects such as Domovinski Bridge, that carries a pipeline for a sewage treatment plant built within a public-private partnership, Zagreb Airport or Arena Hall, all built within the similar model. In scale, these can be compared to the infrastructural projects in the 1950s, when the Zagreb Fair complex was being built on the right bank of the river Sava: originally built to support the Fair, the projects would serve as a basis for large housing developments in the newly-built Novi Zagreb district, unlike the large infrastructural projects of today such as Airport and Arena and the infrastructure that connects them to the city - like bridges built without a clear strategy for the banks they connect. This newly built infrastructure can serve to show us that large flagship projects, which come to serve as cornerstones of local political campaigns, function only as dearly paid urban islands. They also present extraterritorial units placed within an inter-city competition rather than within the cities in which they were created. The proclaimed inter-city competition is often used by local governments as an argument to consent to a model of strategic development which translates business logic to urban planning by promising economic progress and superiority over other cities and regions (Veiner as cited in Rolnik 2019).
Planning and implementation of “strategic”, “city”, and other kinds of flagship projects required some administrative recalibration of the City government which established new planning offices, such as the City of Zagreb Office for Strategic Planning and Development. The reasons for establishing that particular office in the early 2000s would become clear in its tasks later on, which mostly amounted to creating the spatial-planning conditions for exploitation of public land. Rolnik finds that such administrative transformation has a role in the process she calls “paradiplomacy.” According to her, the effort of cities to place their own land on the market represents “the new mechanisms that redrew the world of international relations, with cities and municipalities assuming more initiative and independence towards their international contacts, bent on defending their interests in the global environment” (Rolnik 2019:233). This type of “paradiplomacy” came to the fore in Zagreb in the spring of 2019 when the City signed a Memorandum of Understanding with a company called Eagle Hills, and the mayor and city officials in charge of planning flew to Dubai to sign the document. The Memorandum guaranteed to the company that it would, if the City provided the required spatial and planning preconditions, receive a controlling interest in a newly founded public company with a capital base including more than 100 hectares of land belonging to Zagreb Fair and Hippodrome, the horse racing venue, both located on the banks of river Sava. In exchange, Eagle Hills was supposed to invest in a large, elite mixed-use commercial/residential complex representing the first Zagreb “Waterfront” project. After unprecedented public resistance and a protest with more than 20 000 participants, the project did not continue, but
the model was kept and is still applied to other city projects.

Finally, the consequence has been that the majority of housing estates built within public programmes appear as islands in the city space. Interestingly, the position and spatial distribution of the estates in the west-south-east ring of Zagreb continued the allocation logic of the Yugoslav Socially Directed Housing Development programme - even though the logic of producing and providing housing has changed considerably, as well as its value. Blocks of apartment buildings and estates built within public programmes are thus located in the suburban areas of Špansko, Malešnica, Vrbani, Sveta Klara, Zapruđe – Jankomir, Novi Jelkovec and Podbrežje.

Even though with regard to individual apartment buildings, apartment standards have remained at a similar level of quality as those produced within the Socially Directed Housing Development programme (Korlaet 2015), the spatial location of the new estates combined with disparate infrastructural planning stripped them of the possibility to play a cohesive role in the city’s development or in the development of infrastructure. If we look at the microlocations of the new estates and the details of their population structure, we see that the estates built within the first wave of publicly subsidized housing construction in early 2000s, such as Špansko-Oranice and parts of Vrbani and Malešnica, surrounded by planned housing built in the eighties, have an above-average portion of inhabitants with higher education qualifications (29%). The population of those built in the later iterations of the programme such as Novi Jelkovec is below-city average in that regard (see Map 8).
Map 8: Locations of estates built within public housing development programmes in Zagreb between 2000 and 2020 in relation to the portion of the population with higher education qualifications in Zagreb districts.

- Malešnica
- Špansko
- Vrbani
- Naselje Špansko-Oranice
- Klara
- Zaprude
- Vukomerec
- Operovčka
- Podbrežje estate
- Sopnica-Jelkovec estate
- Vrbani
- Borovje
- Housing for victims of war
- Housing for young faculty members

Legend:
- 10.1 - 17.7
- 21.8 - 29.2
- 30.4 - 39.3
- 47.3 - 50.1
If we consider the potential of the publicly funded estates to decrease the degree of social inequality in specific city districts, it turns out that the new, remote planned estates do not serve as guarantees of social heterogeneity and decreased inequality. Instead, the estates present isolated areas of a kind, in-between two different development logics: the socialist logic of city planning and the neoliberal production of space and spatial relations. This is indicative of the discrepancy appearing in the early 2000s in the planners’ and architects’ outlook, a discrepancy between the intention to provide some form of planned housing and the new role of public urban land in the real estate market. Precisely, what happened was the production of housing space through simultaneous use of mechanisms from two ideological systems that have a very different understanding of the “value” of land and housing.

**Planned housing developments in the pre-crisis period: the example of Zagreb**

The chapter on housing in the Report on the State of the Urban Spatial Structure for the 2005 – 2009 Period, published by the Zagreb City Department of Planning, starts with the following sentence: “The stagnation in housing construction specific for Zagreb and Croatia in the nineties ceased at the beginning of the millennium with the economic revival, legislative changes and liberalisation of opportunities to plan housing” (Izvješće o stanju u prostoru za period 2005. – 2009., 2010). The liberalisation of opportunities to plan housing refers primarily to the practice of extra-institutional funding of urban plans.
The Act on Physical Planning enabled in 2004 private investors to fully fund the development of Zagreb urban plans. One of the first examples was a plan for a location classified by the Department for Physical Planning as “attractive”, the centrally located block between streets Ljudevit Posavskog – Zavrtnica – Branimirova – Crvenog križa. Thus the pre-crisis period saw, for the first time after the 1990s transitional period, both private and public investments into building planned housing estates on the basis of plans of lower order, so called Urban Development Plans [Urbanistički planovi uređenja - UPU]. The estates built in this period were Špansko-Oranice, Sopnica Jelkovec, Sesvetski Kraljevec-Iver, Vrbani III and the aforementioned block. Private investments into housing were mostly targeting central parts of the city, while public investments within the POS programme were reserved for remote locations.

Publicly Subsidised Housing Construction Programme (POS)

POS Programme was the first publicly funded housing construction programme in Croatia since the late eighties that did not target a specific social group (such as veterans). It was also a programme whose funding structure directly relied on housing loans provided by commercial banks. The first act to regulate the POS programme, Act on Publicly Subsidised Housing, came into effect in 2001. Part of the Programme was a Temporary Ordinance – Design Guidelines produced by the Department for Residential Architecture of the Zagreb Faculty of Architecture. The Guidelines were based on the Apartment, Building and Estate Standards in Socially Directed
Housing Development, but, in the words of Korlaet, the ordinance “was limited to building and apartment standards with no regard for guidelines referring to a wider aspect (the standards applied to planning whole estates) because this is how the programme was implemented (piecemeal, one plot at a time)” (Korlaet 2015:25). However, new apartment buildings were soon being built within the programme as parts of Zagreb estates, with localities following the logic of the Yugoslav Socially Directed Housing Development programme. Future tenants were able to access the programme on the basis of priority lists assembled by local governments, which also could provide the necessary land and communal infrastructure as part of their investment into the programme. Funding for the construction was a mix: 25% came from the state budget, and 75% from capital market loans. Local governments were allowed to pass decisions on subsidising land prices (Korlaet 2015) to prevent the land costs from affecting the final sale prices - and the size of loans taken by the government. Simply put, the financial construction of the programme was based on non-profit developments resulting in apartments cheaper than those on the market, and the return on investment was assured by selling the apartments to households from priority lists. According to the Act, access to programme was provided to young families and individuals under 35 years of age. Loan approval was subject to the regulations of the commercial banks that entered agreements with the Croatian Real Estate Agency to provide subsidised loans with the interest rate (at the time) capped at 3.9%. The Agency took over all organisational tasks and funding, thus becoming the investor. The Act enabled local governments to establish their own non-profit real estate agencies and the op-
Portunity was used by the towns of Rijeka, Varaždin, Dubrovnik and Koprivnica. The price per square meter was determined as 140% of the standardised construction cost\(^5\) which amounts to a couple of hundreds euro less per m² than the market price. The minimum payback period for loans was 20 years, and the final instalments were paid to the state, which made the loans more attractive than those available on the market. Bobovec and Mlinar claim that the objectives of the programme were defined to “promote subsidised housing and create a welfare-oriented housing policy,” that such a programme could be implemented “regardless of who is in power” in order to “show a clear stance that solving the housing issue is the basis of social welfare and progress of the country” (Bobovec and Mlinar 2013:220). However, today, almost twenty years after the programme launch, we are merely able to confirm that the programme successfully promoted subsidising housing costs for small number of people, all the while the impact of the programme on the creation of a welfare-oriented housing policy is highly questionable. If we look at the frequent amendments of the Act (10 in 18 years), it can be stated that the programme changed focus with every change of government, and that it was affected by the changes in the real estate and capital markets.

The main amendment to the original programme was the removal of obligatory open calls for or architects (2004) which later affected the overall quality of the projects. Later amendments increased standardised con-

\(^5\) Fixed etalon construction cost contains all construction costs (preparatory works, earthworks, construction, installation, finishing work, and installation of construction products, equipment and facilities) of apartments or apartment buildings, with the value added tax; except the costs of land, communal infrastructure and connections to the communal infrastructure (Information on the Fixed Etalon Construction Cost NN 59/2020).
struction costs as well as the percentage of standardised construction costs in sale price, and finally, introduced, removed and then reintroduced restrictions on the right to let or sell the apartments bought within the programme. According to the 2018 report of the Croatian Real Estate Agency a total of 9363 apartments were built (some still in early phases of building) in Croatia within nineteen years of the POS programme, with a total worth of 4,15 billion kuna, out of which a billion came from public funds. Considering that this number was relative-
ly small when compared to the total number of apart-
ments in Croatia, the programme could not have affected general apartment affordability. Nonetheless, the fact is that this was the largest public housing programme in post-war Croatia, and that it was based on incentivising housing debt and promoting ownership as the only long-
term solution of the housing problem. Furthermore, the total investment of public resources - funding and land – within this programme, which provided housing to social groups with access to housing loans, was significantly larger than investments into programmes that target social groups without such access. Thus, the programme can be characterised as regressive government spending. In the words of Rolnik, public investments of this type are “mobilising a large amount of public resources without benefiting those who most depend on them to access adequate housing” (Rolnik 2019:83).
Institutional framework of producing socially subsidised housing

It is interesting to further consider how the Croatian Real Estate Agency, established to sell and buy property owned by members of an ethnic minority, many of whom were refugees at the time, outgrew its original purpose (still part of its remit). Through the POS programme it took over all subsequent country-wide programmes of publicly funding housing construction and housing subsidies. The work done by the Agency represents most clearly the substance of the Croatian housing policy. The Agency which started its institutional life, as described above, by implementing the “gentle phase of ethnic cleansing”, in time became the lead public facilitator of housing loan uptake, or the financialisation of the housing issue. The POS programme which the Agency took over in the early 2000s, and the funding and organisation of construction of the first post-war planned estates, took place at the time when Agency was dealing in shady purchases of Serbian refugees’ real estate that were later judged illegal by a court of law. Namely, in 2008 a suit was filed with the Zagreb Municipal Court against the Agency and its long-standing director, charging them with causing several million kuna of damages to the state between 1998 and 2004 through illegal purchases of houses, apartments and land owned by Serbian refugees (more than 8 000 immovable properties by the end of 2004). As explained by Nacional weekly at the time the court procedure was launched, “the clearest example of the damage done is as follows: in 1998 or 1999, someone would come from Serbia with a falsified power of attorney referring to a house in, say, Knin [Croatia]. On the basis of a
single piece of paper, the Agency would immediately sign a purchase agreement with the “legal representative” and pay between 25,000 and 40,000 euro on the spot. The property would then be given to a refugee family [living in Croatia], or sold. The problem would appear when the real owner of the property would come to Croatia and realise that somebody sold their house to the Agency” (Nacional 2008). However, even after the sued director Rajčić left the position, shady purchases continued, as reported in detail by the media, especially Feral Tribune weekly. It should be emphasised that it is impossible that the malversations were the doing of few “corrupt” officials, because the Agency, in line with its statutes, had a Governing Board which included three, and later five, government members who received official reports and were thus undeniably in the position to detect the irregularities.

Real estate transactions as housing policy

Ada Colau in her book “Mortgaged Lives” describes the Spanish Ministry of Housing, established during the real estate boom, as an institutional framework designed to facilitate real estate transactions and housing loans rather than a policy of affordable and accessible housing. This is why, according to Colau, the Ministry was popularly called the mystery of housing, and its most ridiculous move were the public statements of a minister who, on the eve of the real estate bubble bursting and hundreds of households were being evicted on a daily basis, insisted that it was the perfect time to buy an apartment! (Colau and Alemany 2012). Following a reverse naming logic, the
central Croatian institution for housing is not a ministry. It did successfully manage to survive all government changes as predicted by Bobovec and Mlinar for the POS programme, and it had from the very start been transparently named as the real estate agency (the literal translation of the Croatian name would be the agency for transactions and mediation in immovable properties), thus signalling the transparency of the logic of the Croatian housing policy. The Agency grew in size and remit, repeatedly receiving new tasks, such as funding self-built housing, organising the Programme for Housing Returnees, and implementing calls for subsidised loans - first for newly built apartments, and later for purchasing any property as the first home. The centralised organisation of housing developments and subsidies, combined with scant regulations with weak corruption safeguards, resulted in pretty comical scandals. The scandal with Krešimir Žunić, the Agency acting director, is one of the clearest examples of such practices. In 2010, Žunić bought an apartment for his son, Marko Žunić, within the Agency’s POS programme and under very favourable conditions, but the transaction was made public only ten years later. Žunić became famous for his comment of the purchase, when he told RTL TV that he was “ashamed of how little he owned” (Provjereno TV programme, 2020). He explained that he owned much less property than would be expected from a man of his standing, which is true when considering that one Agency director after another multiplied their wealth with real estate malversations. The fact that Žunić kept his position of the acting director after the scandal, and that there were no legal mechanisms to penalise him, as everything was done in line with the regulations, demonstrates the real nature of
the scant POS regulation, as well as the atmosphere of leniency towards the obvious mismanagement of public institutions. But Žunić’s statements also serve as an interesting description of the POS programme itself. Namely, the apartments in the programme become private property, and thus cannot be considered public apartments, or part of the public housing stock. In the programme, public resources were, via housing construction, directed towards individuals and their households and turned into private property. Because the programme targeted only social groups with access to home loans, wider social groups were left out (they could only access the few housing units bought by local governments) and it is thus difficult to agree with Bobovec and Mlinar that the programme “created a welfare-oriented housing policy.” In addition to that, if we consider that the idea behind the programme was to solve the housing issue through loans, the programme contributed to household debt by encouraging home loans.

Positive effects of POS

Certain aspects of the POS programme do deserve further discussion. Initially the programme was designed to create non-profitable housing units on public land, excluding the costs of land purchase from the construction costs. The programme was implemented country-wide and it targeted a wider group than public housing programmes from the nineties that targeted only war veterans, which is an achievement of sorts. The quality of the housing, at least during the first years of programme implementation, does indicate that certain design standards
were applied, and that certainly affected the quality of living in the newly built apartment buildings. In his doctoral theses, Koarlet writes that POS developments in Zagreb are “architecturally valuable, meeting the strict standards defined by the Ordinance” (Korlaet 2015:25). The apartment buildings built by private funding had to adhere to regulations and the Masterplan, but there were no ordinances or guidelines defining the apartment standards, which is why Koarlet was able to show, based on his model of assessing apartment quality, that those buying apartments available on the market and at higher prices than within POS, paradoxically, bought lower quality apartments (Korlaet 2015) on average, even when these were extra pricey thanks to their central locations. Even though the Ordinance passed within POS improved apartment quality and resulted in more creative designs, the regulations did not transfer the introduced standards to other housing projects produced on the market. On the contrary, the 2017 City of Zagreb Masterplan amendments suggested deletion of the Article 56 which stated as follows: “When planning residential and mixed use buildings, it is necessary to uphold the minimal sanitary standard: that each apartment receives at least 2 hours of direct sunshine per day during the summer solstice.”

When we talked during the public consultations on the amendments, the director of the Department for Physical Planning, Ivica Rovis, a lawyer by trade, told us that the Article was to be deleted because Masterplan was a secondary legislative act and as such, could not affect the quality of the housing space because the design guidelines and the apartment quality do not fall under the remit of the Masterplan. After all, if the Masterplan is seen as an implementing act, it is questionable if the imple-
mentation is possible without additional regulation by primary legislation. At the same time, it is surely not the task of the Masterplan to promote abandonment of housing standards and minimum hygienic requirements. It is up to the institutions to decide if they want to uphold the housing quality, or leave it to the market to regulate itself.
Chapter 4

THE BURST OF THE REAL ESTATE BUBBLE AND CRISIS RESPONSE
When the crisis hit, a number of acts were passed enabling public investments to stimulate the real estate market by subsiding loans for purchasing newly built apartments. In other words, the state response to crisis would mostly result in repeated and further prioritised use of established mechanisms of credit expansion that caused the crisis in the first place, and the POS programme will generally keep its financial structure based on return on investment through apartment sales. Even though different modalities of accessing POS housing, such as rent, were discussed from the beginning, it was only during the crisis that a programme of subsidised renting was introduced (so-called PON). The 2014 legal amendments introduced the possibility to rent a POS apartment for a five-year period, after which the tenants were entitled to buy it. Considering that buying the apartments was still possible, this did not represent a change in the model, but merely a preparation for the expected recovery of the real estate and housing loans market, when apartment purchases would again become widely available. Today, the Croatian Real Estate Agency offers a total of just over 300 apartments for rent, and the waiting lists are such that a member of a social network group Tenants for Tenants informed us that, when she tried to apply for an Agency rental after learning of the possibility from the group, she was told that if she does apply, she would probably never be offered an apartment because of the number of people who have been on the waiting list for years.
The consequences of crisis or the Zagreb Model of Housing Development

When the efforts to build the POS project Sopnica-Jelkovec were terminated in 2004, the Zagreb mayor Milan Bandić used the opportunity to announce, on the remnants of this brownfield development, the introduction of the so-called *Zagreb Model of Housing Development*. The City of Zagreb bought the project in 2006, renamed it Novi Jelkovec⁰⁶ and launched the construction works. The original idea of the project was to create a housing estate for 8,199 inhabitants, and the target group were “people under 40, employed, with average income 30% higher than the national average, with priority given to younger families” (Komazlić and Kuzmanić 2015:52). We should mention here that households with housing loans, on average, have a better qualification structure than the general population, and incomes about 30% higher than average (see Rodik 2019). Thus the original target group of the Novi Jelkovec project was precisely the group that already had access to housing loans available on the market, and that could be attracted to the POS model only by lower prices. The project definitely did not target groups without access to housing loans.

Novi Jelkovec is specific for its size as the most ambitious public housing project since the late eighties, and for its location – on the very edge of Zagreb periphery. The plot, owned by the City of Zagreb, is the location of a former pig farm, placed at the western border of Sesvete

⁰⁶ In spite of the renaming, certain documents as well as investor’s statements still mention Sopnica-Jelkovec instead of Novi Jelkovec. Here we use the new and official name, except when citing documents or statements by investors and City officials, who often used the original name.
district, in the midst of a rural landscape. Even though most public housing projects discussed here were placed on the periphery, the location of Novi Jelkovec is removed from the city infrastructure more than any other planned estate built in the 21st century Zagreb. The choice of location was one of the factors reflected in the resulting population structure of the newest Zagreb estate, that is, in the interest, or lack of interest, of the original target group to buy apartments there. The location of the estate and its obvious spatial segregation also shaped the public perception of the new estate – its relatively “bad reputation” as an estate excluded from the life of the city. We should also mention that while the first inhabitants moved in in 2009, the first direct public transport bus line was introduced only in 2014, thus making the estate even more remote, and the negative perception even less surprising.

The institutional and organisational framework of the Zagreb Model of Housing Development

In order to organise the housing developments, the City established a new branch of Zagreb Holding, Zagreb Housing Construction, modelled after the Croatian Real Estate Agency. The Model kept the POS apartment design, but the sale price was much higher than in POS – as much as 1400 euro per square meter, annulling the attractiveness of the programme to the original target group. The prices, along with the unattractive location and the fact that the size of most apartments was larger than average, resulted in only 800 applications to the Programme between 2007 and 2009, and in the end only 600 apart-
ments were sold, mostly smaller in size (Buble, 2013). Here it should be mentioned that smaller apartments (around 50 m$^2$) have been the most popular also in the later programmes of subsidised apartment sales. At the same time, as Koarlet showed in his analysis of the POS programme, apartment quality surpassed by far the quality of the apartments available on the market, regardless of the apartment size. But, the case of Novi Jelkovec shows that buyer motivation is not limited to apartment quality, but also takes into account the location and the availability of infrastructure. In the final analysis, the decisive factor is the apartment price, and thus apartment quality is usually sacrificed in the name of lower prices.

When real estate prices dropped due to real estate market crisis, facing the lack of interest of creditworthy households to apply for the Zagreb Model apartments, the financial standing of the project came under question. The City of Zagreb decided to “save” the investor through an agreement with Zagreb Holding on leasing a large number of housing units to make them available for rent, which drastically changed the planned social structure of the estate. It should be noted that while the state, once it was no longer able to sell apartments within the POS programme, decided to offer them at the market (disregarding the priority lists and the social criteria), and rented out only a couple of hundreds of housing units, the City of Zagreb did make a change from the pre-crisis practices. Out of the total of 1867 apartments that the City took over from Holding, most were awarded according to the previously established model of priority lists created according to the household socio-economic and housing status, and some entered the newly established programme of housing provision – so called Public Rentals,
which we will discuss later. Even though the rental programme was later used by the mayor to prove his devotion to socially disadvantaged, and the document on the Social Structure of Zagreb 2017-18 [Socijalna slika Zagreba 2017. – 2018.] states that “The construction of public housing, public rentals and apartments for sale in a controlled market at affordable prices, implemented within the Zagreb Model of Housing Development, created opportunities for young families in the Novi Jelkovec estate,” the reality is that this happened by coincidence, as a consequence of a poor choice of location, misidentified target group, and organisational problems that increased sale prices. It is however true that the programme enabled those on the priority lists to solve their housing problem outside the real estate market. It can be said that when the City of Zagreb invested resources to save its own Holding from losses caused by ill-thought-out and unwise decisions of the City and its companies, it managed to make a step further in housing provision. Of course, with numerous unintended consequences unavoidable with such turbulent policy U-turns and a lack of understanding of the impact that planning decisions and programme design would have on the social structure of the city.

The change of target groups and unintended consequences

One of the consequences of aforementioned policy U-turn was an unintended change in the geography of the City – migration of Roma families from the city centre to newly built apartments on the periphery.
The area around Radnička street was repurposed, “transformed within two decades from an industrial area of workers’ barracks into an area of financial institutions and elite housing projects. When the industry was privatised together with the land, and the Masterplan amended to change land use from industrial to residential and commercial, the price and the “attractiveness” of the area turned its original Roma population into unwanted inhabitants. The programmes of housing provision and improving the Roma living standards, introduced after the value of city land was transformed, never considered the possibility to improve the Roma community living standards in the area where they already lived. Instead, the City one-sidedly decided to move the Roma population (sometimes even under threat of violence), with part of the Roma families moving into the newly built Novi Jelkovec.” Ten years later, after the infrastructure and the available services in Novi Jelkovec were improved, “a part of the families were again relocated away from the infrastructure and the services, to Petruševac, where they moved into a newly repurposed building originally built as a start-up incubator” (Lucić et al. 2020:108).

In addition to obvious geographic and social consequences of building Novi Jelkovec, we should also look at the financial side of the City’s recalibration of the nature of housing within the estate. The City entered two lease agreements with its company that stipulated that the City had to pay a monthly lease for the apartments and commercial spaces to the investor (Zagreb Holding) amounting to 671,536 euro per month for 49,521,25 m². This brought the total amount paid to Holding by the City before becoming an owner, to 80,584,320 euro. According to a 2016 analysis by the Centre for Peace Studies [Centar za
miovne studije], “When we divide this by square metres, we get a construction price of 1 627,26 euro per square meter of Sopinca Jelkovec, which surpasses by far the Standardised construction cost at the time” (Centar za miovne studije, 2016).

At the same time, the City of Zagreb took over the POS project for which, at the time Jelkovec was being built, the final construction cost was capped at 804,04 euro/m² and the cost of land, development and connections to the communal infrastructure to 321,62 euro/m² (Centar za miovne studije, 2016). The City did not have to pay for land as it already owned it, and the ownership rights were transferred to Holding for free. All of this shows that the final sale price was, for apartments funded by a City company and then sold to the City, unduly high thanks to the irrational logic behind the programme. Taking into account that the City only had to spend on connections to the communal infrastructure, and that nothing was spent on land, the original maximum price of 47 540 400 kuna was in the end 33 million kuna higher, that is, the City overpaid the development for a whopping 69% (Centar za miovne studije, 2016).

Podbrežje estate

While Novi Jelkovec was still being built, the City of Zagreb launched another public housing development, fully designed within the Zagreb Model of Housing Construction. The Detailed Urban Plan for Podbrežje estate at the south of the city was adopted already in 2007 and included the construction of 1800 apartments in 11 mixed-use buildings with services including a kindergarten, a
school, a sports hall, etc. The City and Zagreb Holding signed a preliminary agreement in 2008 which stipulated that the land title would be transferred to Holding, or rather, its subsidiary Zagreb Housing Construction. According to the agreement, the value of the land, assessed at 51 million kuna, would be paid back to the City when the project is complete, in the form of titles to a number of housing units with garages and parking spaces. On the basis of the agreement, in 2018 the City came to own 86 apartments in Podbrežje estate, worth a total of about 52 million kuna, or 1466 euro per square meter. Based on the 2017 preliminary agreement, the City would, after the apartments were finished, rent 314 apartments to be included in the priority and public renting schemes, from its company Zagreb Housing Construction Ltd, separated from Holding in 2013. “The apartments will be owned by the investor, Zagreb Housing Construction, which will for ten years lease the apartments to the City of Zagreb for 1 479 423,41 kuna per month, or a total of 177 530 809,2 kuna“ (Centar za mirovne studije, 2017). According to the same source, “this amount will not be sufficient for the City to buy the apartments – for that, the City will still have to pay 26% of the apartments’ accounting value as defined at the start of the lease period (accounting value equals market value when the property is new, which it was at the time),” or 62 375 689,72 kuna. This means that after Zagreb Housing Construction Ltd. invested a total of 246 million kuna (according to the information provided to us directly by Zagreb Housing Construction Ltd., while the Centre for Peace Studies analysis mentions 206 million kuna) to build 608 apartments, the City of Zagreb would buy 314 apartments for a whooping 239 million kuna, paying 1648 euro per
square meter of housing. At the time Podbrežje estate was being completed, market price per square meter of a newly built apartment in the area was around 1300 per square meter.

In a 2019 written interview with Željko Horvat, director of Zagreb Housing Construction Ltd., we asked if the Zagreb Model of Housing Construction had, like POS did, ordinances regulating standardised construction cost and sale prices, to which he replied there was no such ordinance, and the apartments were built according to market prices, with “Zagreb Housing Construction selling apartments at construction price, without profit.” But the City as the main buyer not only paid a higher price than the one offered to households taking out individual loans on the market, but ended up hugely overpaying the total price of investment for the 314 apartments it would come to own after 10 years. This is how the original impetus to provide additional stock of public rentals, which should be applauded, loses its relevance in relation to the irrational spending of the invested funds. The logic of the relationship between the City and its companies, their transfers in land, loans and apartment ownership are difficult to follow, especially considering that the so-called Zagreb Model of Housing Construction seems to be a model in which property repeatedly changes hands, with costs growing each time even though no value is being added. We are not able to claim that this is due to some form of corruption or illicit enrichment of the participants in the development, but such a complicated funding network based on repeated transactions between the City and its companies does indicate some kind of real estate speculation.
Programme funding was not the only problem of the model. In the case of Podbrežje, unlike Novi Jelkovac, the City did not have to follow POS standards, and thus Podbrežje design, and the first phase of construction, were completely under the competences of the City and its departments and companies. Regarding the construction and design, the model differed from the original POS programme by leaving out any regulation of the apartment standards, and regarding the apartment design standards, in the words of Željko Horvat, “in designing the [Podbrežje] apartments, we were guided by the information on citizens’ needs collected primarily in the course of constructing Sopnica-Jelkovec.” Horvat did not explain the method of collecting “the information on citizens’ needs,” nor the way in which these were used to design the apartments. The Podbrežje project repeated all the mistakes of Novi Jelkovec – peripheral location and sale price higher than the market price. In addition to that, the project annulled the regulation that led to the high housing standards and interesting housing unit design that characterised the POS estates in Zagreb.

Another interesting feature of the programme was that the City again intended to attract young, educated families. Namely, in the first phase of construction, out of 608 apartments built, 208 were, on the basis of an agreement with the University of Zagreb, offered to young faculty members through a model of subsidised loans. But, when the call was published, only four applications were submitted, out of which two did not meet the criteria, and thus the plan failed utterly. Just like in the case of No-
vi Jelkovec, the Podbrežje target group – young, educated families with above-average earnings – were not interested in buying the apartments under the terms offered by the City in cooperation with the University. But in the case of Podbrežje, that was not just because the apartments were more expensive in the programme than on the market: the programme additionally stipulated that young faculty who buy the apartments had to remain employed at the University for ten years after the purchase. Both the City and the University, when drafting the agreement, failed to take into account that young faculty members typically have 3 to 5 year employment contracts, and after that period their position at the University is extremely precarious and depends on a number of political decisions rather than their personal choices. The absurdity of the agreement with the University does not end there: at the time of publishing the call for applications, the media were focusing on “brain drain” from Croatia, which the mayor and the City used to promote the programme as a unique demographic method of keeping young faculty in the country. But the programme, in addition to using housing as a way to divest the young faculty of their freedom to change employers, failed to take into account that people with temporary work contracts are not considered creditworthy at the housing loan market. Interestingly, Željko Horvat himself used this in the interview as an explanation of the failure of the programme: “208 apartments were to be sold to the University of Zagreb young faculty members, with loan subsidies provided by the City of Zagreb. However, after applying to the call, it transpired that the majority of applicants were not eligible for home loans because they were not permanently employed. The Zagreb City Assembly then authorised
Zagreb Housing Construction Ltd. to sell the remaining apartments in line with the Decision on Purchasing Apartments within the Zagreb Housing Development Model.” The obvious question is: how come the people whose job is to produce housing for sale via housing loans, knew so little about loan eligibility that they designed such a programme? Here we should also mention that in the Zagreb district of Borovje two apartment buildings had been built for lease for the very same target group – managed by the Ministry of Education, these have largely remained empty, and the last call for applications was published in 2011. This is indicative not only of how little the state cares for providing housing to young faculty, but also of the cynicism of institutions towards the housing issue and any housing status other than the loan-based home ownership. And while the discrepancy between the original target group and the group that ended up living in Novi Jelkovec can partly be explained by the crisis, the mistakes in defining the target group for Podbrežje can hardly be explained by unpredictable events. But no one took the blame, and the newly elected Zagreb Assembly was on its 6th session in 2017 presented with a decision to change the target group and offer the apartments to Zagreb citizens according to criteria favouring various social groups including successful athletes, City employees, victims of family violence, veterans of war, etc. The explanation for the decision was that it was established, quite contrary to the investor’s statements, that “there was no need for so many apartments” within the target group, which only serves to further emphasise the complete lack of political accountability in the project.
In the end, after eight calls for applications to buy the apartments, the City managed to sign pre-contracts for selling the majority of the remaining 206 apartments. By the end of 2019, three years after the first call was published, according to Horvat, “out of the original 206 apartments, 25 are still on offer, and we have signed sale contracts or pre-contracts for all other apartments.”

When asked about the plans for continuing with the projects, Horvat replied that they planned to continue with the construction and that they “are considering an option to offer apartments for rent, with a possibility to buy after 3 years” as “this is something citizens are very interested in.” He did not provide details on the number of citizens or the level of interest, but it is clear that such an option would annul any sustainability of the project regarding housing provision as all public rentals would be turned into private property.

The irrationality of public spending within the programme is combined with irrational distribution of responsibility, work force and tasks. The company in charge of organising construction has only one employee, the director, and even though it is registered on an address in Jankomir, the director himself explained that his office was actually located in the distant Bukovačka street. Together with Zagreb Housing Construction Ltd., the companies involved in the organisation and implementation of the project included several Zagreb Holding subsidiaries – the Subsidiary for Project Management (legal successor of the Housing Construction Subsidiary) and the Subsidiary for Real Estate Management. Horvat explained that Zagreb Housing Construction Ltd. has a contract with the Project Management Subsidiary on employee leasing. The reasoning behind the decision to establish a
separate company remains unclear, especially if we consider that this increases the administrative costs while, according to Horvat, all the work is still done by Holding employees. In conclusion, Zagreb Housing Construction Ltd., a company that was separated from Holding, now functions by paying Holding for work, adding a new dimension to the model of money changing hands over and over again for no obvious reason.

**Housing issue as a demographic issue**

The direction the housing policy took in the crisis aftermath was highly influenced by the crisis panic that spread on the real estate market, as is most readily visible from the legal amendments introduced at the time. Croatia responded no differently than many other European countries. For example, Great Britain responded to the crisis by measures that, just like in Croatia, facilitated apartment sales through subsidised loans and public loan guarantees, and thus aimed at supporting financial institutions which during the crisis significantly reduced the volume of new loans (Rolnik 2019). Ultimately, the majority of the world economies responded to a crisis caused by credit boom by further encouraging credit debt.

However, political changes – the conservative branch of the Croatian Democratic Union [Hrvatska demokratska zajednica, HDZ] seizing power in the party and winning the 2015 election, and young people increasingly leaving the country after it joined the EU in 2013 – led to a panic over negative demographic trends, which substituted the panic over the real estate market crisis. The discourse around the housing issue re-focused on de-
mography, and housing was increasingly being interpreted as a mechanism of biological reproduction of the nation. The Ministry of Welfare and Youth became the Ministry of Demography, and the City of Zagreb moved its “strategic” planning of housing provision to the newly established Department of Demography. For the first time, the City conducted a survey on housing statuses of the population with the goal of providing housing stability, but as part of the creation of a demographic strategy aimed solely at, for the lack of a better expression, producing more babies and preventing people from leaving the country. Even though the rhetoric took a conservative turn, with calls to stay in the ancestral homeland etc., the policies continued along the well-trodden path of investing public funds into subsidising loans provided by commercial banks in foreign ownership. Loan subsidies remained the preferred mechanism of housing policy at the local and country level. The policy goals started to be defined as contributing to the improvement of demographic trends, and legislation was being passed on the combined grounds of contributing to real estate market recovery and decreasing negative migration trends. The purported results of the policies directly included the number of births and prevention of “brain drain” – young experts accepting jobs abroad.

Subsidised housing loans

Even though Croatian housing policies have since the late nineties been designed to “help citizens buy property through loans” with “funds transferred from the state budget to the financial sector in the form of subsid-
es for interest rates and instalments” (Rodik 2019:71), the legislation created in the first years of the crisis (2009–2015) and in the post-crisis period put additional emphasis on subsidising loan instalments. In 2010, when according to the data provided by Poslovni.hr news website, around 13 000 newly built apartments were left unsold, and it became more difficult to get loans, Croatia introduced a number of short-term measures, the first of which was a one-year Act on Stimulating Apartment Sales. The preamble of the Act clearly stated that it was passed to stimulate the real estate market, and that the state would use it not only to subsidise loans, but also to act as a loan guarantor to encourage banks to approve housing loans to citizens. At the time, the consequences of credit expansion were more than visible. The number of home foreclosures, according to the Croatian Chamber of Commerce data, had been constantly growing, and the pace of growth sped up in 2010. In spite of the IMF and OECD finding that “recessions are longer and deeper when preceded by periods of abrupt credit expansion” (Rodik 2019:139), as was certainly the case in Croatia, the state’s only crisis measure regarding housing policies was to further encourage credit expansion by directly subsidising loans. As an illustration of the social consequences of credit expansion we will use results of a survey on the impact of Swiss franc loans on debtors’ health, which showed that “in addition to worsening diet quality, the respondents had symptoms of heightened stress, such as feelings of anxiety and hopelessness amidst material insecurity” (Ivanković 2014 as cited in Rodik 2019:154).

Based on a sequence of Acts on Subsidising Housing Loans, with the first one passed in 2017, the Croatian Real Estate Agency once a year (usually in September) publi-
shes a month-long call for applications for housing loan subsidies. The right to access the programme was given to all citizens under 45 years of age who did not own adequate housing. When applying for subsidies, the applicants have to submit a pre-contract with the apartment seller and proof of an approved loan with one of the commercial banks. The short-term call was repeated annually between 2017 and 2020 as legal amendments enabled its continuation for four years.

The state enters an agreement with apartment buyers to annually pay subsidies for a portion of interest to the bank that gave out the loan. The programme originally provided subsidies for the first four years of loan repayment, but already in 2018 the subsidies were made available for five years with the possibility of prolongation for every new child born or adopted (two years per child). In the same year the programme was changed to account for the location of the property, with 30% subsidies in developed cities and regions, and up to 50% for the least developed areas. As explained in 2019 by the secretary of state in the Ministry of Construction at the time, Željko Uhlir, in the Otvoreno talk show, the percentage was made dependent on the location in order to “Make a fine gradation of co-financing, to help not areas that are rich, but those ridden with demographical problems, which need to encourage their inhabitants to stay where they were born.” Additionally, in 2019 the programme was changed to allow extending the duration of subsidies for all children in the household, even those born before the household entered the programme.
The true price of the subsidy model

In the first two years of the programme a total of 5231 subsidies were approved. After the September 2019 call, additional 4150 applications were accepted, and the September 2020 call was record-breaking, receiving 4651 applications. This amounts to a total of around 13 000 approved applications during the first four years of the programme. According to the Croatian Real Estate Agency reports, submitted annually to the Croatian government, in 2017 and 2018 the state committed to pay a total of 351 million kuna in subsidies during a six-year period (for five years after the call publication), which means that average subsidy per household amounts to 67 000 kuna (around 9000 euros). If this number is multiplied by the number of applications approved before the end of 2020, it turns out that the state committed to spend 870 million kuna in subsidies during eight years. To this we should add loan subsidies approved within earlier short-time measures, including the 2010 Act on Stimulating Apartment Sales (13 million kuna) and 2011 Act on Subsidies and State Guarantees for Housing Loans (23 million kuna), adding up to a total of 910 million kuna spent from the state budget on loan subsidies. Compare this to the total spending on publicly subsidized housing construction under the POS programme, which built more than 9000 apartments in 19 years and cost around a billion kuna - not much more than what the country has spent in the eight years of loan subsidies. Moreover, the number does not include still unknown amounts to be paid as extended subsidies for new-borns, that is, after the last amendments, all children in the households. This number is difficult to assess because the portion of applicati-
ons for extensions was between 8% and 20% annually (520 in 2018 and 183 in 2019). The Agency website does state that until 2020, a total of 2000 children were born or adopted to households participating in the programme, stressing the belief of programme creators that the number of children is a key indicator of the programme impact. But, let us look at the impact of the programme on housing affordability.

The impact of loan subsidy programmes on housing affordability

According to a study of the impact of the programmes of housing loans subsidies on housing prices, commissioned by the Croatian National Bank in 2020 and performed by Kunovac and Žilić, the programmes had a significant impact on rising property prices, especially in locations which already had a developed property market. During the first programme call in October 2017, property prices rose by stunning 26.8% in the short term, while the total rise in property prices was 16.8% if comparing January 2019 to January 2015 (Kunovac and Žilić 2020). When faced with such an unwanted consequence of the programme, the officials of the competent ministry blamed the European real estate market trends. But even though a gradual rise in property prices was visible already in 2015, as a result of numerous external factors and indeed in correlation with the property price hikes in the European Union, Kunovac and Žilić still find that the steep rise between 2017 and 2019 was an effect of the programme (Chart 2) as the rate of growth differed from the trends on the EU market.
The effect of concentrating housing transactions in a single month was especially prominent in the areas with developed real estate markets (the geographical distribution of the subsidised percentages did not prevent this), and primarily in the city of Zagreb with 33.4% of all applications and the steepest price rise. In the aforementioned talk show, the Ministry secretary denied the effect, blaming the price hike on the demand which “grows more quickly than construction workers can build,” thus repeating the common truism that prices increase due to insufficient real estate supply. This is easily disproved with basic statistical data. As noted, if we only look at Zagreb between 2001 and 2011, the period marked by strong pre-crisis expansion of housing loans and the steepest rise in housing prices, more than 70 000 new housing units were built, but the number of households grew by only 28 000 (data provided by the National Bureau of Statistics according to the City of Zagreb Department of Physical Planning).

The geographical redistribution of population in the Zagreb urban area, as described in the previous chapters, can be understood as a consequence of mechanisms connected to debt expansion, in the sense that the choice of location for buying a new home is predominantly determined by the buyer’s creditworthiness, thus creating geographical distribution of the population according to their income, rather than according to their needs or urban planning strategies. Furthermore, in the aforementioned study, Kunovac and Žilić found that because the programme design capped the price per square meter at 1500 euro (which was, interestingly, 400 euro higher than the average price in 2017) along with limiting the amount of the loan to 100 000 euro, the price hikes happened pri-
arily with smaller apartments, for which the bulk of the applications was submitted, as their (increased) prices could still be covered with the amount. Thus the programme has further supported the trend of choosing housing on the basis of the price rather than the housing needs.

While the average savings for participating households were the aforementioned 67 000 kuna or 9000 euro, the price increase caused by the programme was such that Kunovac and Žilić conclude that the subsidies merely covered the difference in price. If the price hike annulled the benefit of an average subsidy, then any positive effect on the programme users was also null. At the same time, the programme decreased the affordability of housing for everyone not participating in the programme, but buying homes at the time (Kunovac, Žilić 2020). Finally, this makes any impact on the programme users null and void, and denies the statement by the Ministry secretary Uhlir that amidst rising prices, the state is using the programme “merely to help people find their way around such steep prices” (Otvoreno 30/09/2019). In other words, the sizeable public investment did little to help the programme users, and definitely hurt those not participating in the programme by making housing even less affordable. The rising housing prices could motivate others to participate in the programme at least to have the difference in price annulled by subsidies, which turns this public policy into a policy model that is chasing its own tail, or simply put - highly ineffective public spending.
Subsidising loans as a neoliberal reflex

When the first Act on Subsidising Housing Loans came into effect in 2017, the 2003 measure of tax relief for buying the first property was revoked, de facto ending the only form of state support to home purchase that had nothing to do with loan spending (Rodik, 2019). The nature of housing policies based on loan subsidies was probably best described in the place where the neoliberal experiment was born, Chile. The Chilean Ministry of Housing explained in a 1979 leaflet that “homes are goods acquired through family savings efforts, ‘with State contributions via subsidy. Beneficiaries and State share the responsibilities in order to respond to the homeownership dream” (Rolnik 2019:86). That is, looking for a “rational” explanation of the enormous public investment into a programme ultimately ineffective in increasing housing affordability, actually means looking in the wrong direction. The motivation for subsidy programmes can only be explained by a learned reflex guided by neoliberal economic formulas and narratives that propagate that what state is offering is fulfilment of dreams, rather than plunging people into debt. It diminishes the importance of housing affordability in judging the success of the programme, and sticks to the doctrine of the state as a mere enabler of the real estate market development. This is well illustrated by the aforementioned statements of the Ministry secretary Željko Uhlir, which remind us that the creators of subsidy policies were merely reproducing the thesis common in the dominant economic narratives – the thesis that demand determines the price, with populace dreaming of ownership and the state tasked with helping them in making the dream come true. The
channelling of public funds into subsidising household loans, instead of public housing construction, is an established practice in a number of countries. In the USA, the budget for public rental construction (projects that predominantly house African Americans and other minorities) decreased from 83 billion dollars in 1978 to 18 billion already in 1983, and to 0 dollars in 1996, while the spending on loan subsidies and tax reliefs for home ownership grew consistently, along with housing prices, and the related phenomena of homelessness and poverty caused by rising housing costs (Rolnik 2019). To this we should add the definition of subsidy provided by the World Bank, which paraphrased a 1969 US Congress conclusion: “a subsidy is an incentive provided by government to enable and persuade a certain class of producers or consumers to do something they would not otherwise do, by lowering the opportunity cost or otherwise increasing the potential benefit of doing so” (Chiquier and Lea 2009:426). At the same time, the data shows that the overall number of property transactions in Croatia did not grow after the subsidy programmes were introduced. It is thus not possible to conclusively state that the programme encouraged households to enter contracts with financial institutions via housing loans, as they might have done this anyway. But this piece of data also does not, in itself, disprove the existence of a trend of “pushing” households into loans, and further research should look into the relationship between the motivation for taking loans and state subsidies. The fact remains that loan subsidies became, in the period discussed here, the dominant form of Croatian housing policy, with all other measures brought to a halt. This is indicative of the state’s intention to use public spending as a stimulus to the loan
market, and legitimise housing debt as the only “safe” solution of the households’ housing problem. That is, the state can use subsidies to stimulate housing loans by offering individual benefits, but impact on the general population is disregarded. This alone is enough to cement the policy according to which the housing question is to be solved in the intimacy of the individual household’s relationship with their state and their bank.
Chapter 5

WHAT IF WE DON’T OWN AN APARTMENT – THE EXAMPLE OF ZAGREB
The period of privatization of the socially-owned housing stock during the transition profoundly shaped the composition of housing statuses. Consequently, only about 2% of Croatia’s housing stock is under public management today, compared to the 25% before the war. The public housing stock is managed by local governments, and housing is generally allocated on the basis of City ordinances, in accordance with the provisions of the Act on the Lease of Apartments and the Social Welfare Act. The number of public housing units in Zagreb is small in comparison to the total housing stock. Still, when we began to research this topic on the example of Zagreb, we encountered a very complicated system of bureaucratic decisions; numerous obstacles preventing us from obtaining data and quality information; and, finally, a very rudimentary scoring system for access to housing that resulted in nonsensical assessments of users’ housing needs.

Namely, according to the data we received in 2019 from the City Department of Housing and Housing Provision, as of December 31st, 2018, the City of Zagreb owned or co-owned 5,078 housing units, with additional 2,187 units leased from Zagreb Holding. Thus, at the time the City of Zagreb managed a total of 7,265 housing units. Once an apartment is allocated according to one of the numerous City ordinances which provide about a dozen grounds for allocation, it is listed in an electronic database of city properties. According to this database, up to and including 2019, Zagreb allocated only 4,243 of its apartments, while the data we received directly from the City Department for Housing and Housing Provision indicated several thousand more. This discrepancy can be put aside for now, and attributed to insufficiently agile
updating of the digital database. However, we do want to point out that this number of over 7,000 apartments managed by the City never appears in media articles or statements of City leaders, who often mention different numbers, but all ranging between four and six thousand housing units under City management. Just a cursory review of newspaper articles on this topic is enough to see the opacity of the system, which we will try to describe in the simplest possible terms.

Housing stock under City management

Tasks connected to the allocation of apartments under public management (apartments do not have to be owned by the City in order to be managed by it) are performed by the Sector for the Management of City Assets, or rather by its Department for Housing and Housing Pro-

07 In the terminology used for housing units that are not subject to market transactions, we find the categories of social housing or public housing, but these terms, though sometimes very self-explanatory, also have multiple designations. Public housing may imply public ownership, while social housing reflects a policy in which public investments into housing belong to so called ‘welfare recipients’ or ‘charity cases’ – and implies acquiescence to this kind of policies. In different systems of housing supply, housing stock may imply privately-owned apartments under some type of rent control, rent subsidies etc., which can also be a feature of the housing policy and models of publicly funding housing, and those apartments can be allocated through public housing programmes. Furthermore, a particular housing stock may be owned by a non-profit organisation, but if they were built through public subsidies, they are often counted towards the so called ‘public housing’. In this book, we decided to use the category of publicly managed housing, because we feel that this syntagm best describes the housing stock in Croatia that is exempt from market transactions, that is, allocated on the basis of official decisions made by the public administration and managed by public administration departments, but not necessarily outright owned by the public administration unit in question.
vision. According to the information we got in a 2017 interview with Branka Škranj, deputy head for property affairs, and Lidija Šarlija Đurin, head of the Department for Housing and Housing Provision, the City administration employs 18 people. The Department handles a wide spectrum of tasks which include legal affairs related to the status of so called protected lessees\textsuperscript{08}; the allocation of housing through and outside priority lists - with the latter implying a cooperation with the Social Welfare Centre; managing administrative and technical affairs of the two Committees for Housing Allocation; tasks connected with the sale of housing units; informing the public on the possibilities for renting housing; monitoring if system users are meeting their obligations (paying the bills and the rent); on-site verification of the validity of requests for housing allocation; and finally tasks related to drafting decisions on allocating housing, and other decisions. The Department of Housing and Housing Provision has also recently been charged with providing housing on the basis of the Act on the Reconstruction of Buildings Damaged by the Earthquake in the City of Zagreb, Krapina-Zagorje and Zagreb County. Simply put, the housing sector is the repository of all tasks connected with the provision of housing on the basis of public programmes apart from those connected with loan subsidies.

Since 2009., Zagreb has been using a new system for providing housing in apartments managed by the City, the so called \textit{public lease} in \textit{public rental housing}. The aforementioned Department in charge of implementing decisions on the lease of housing operates on the basis of two types of lease decisions, the Decision on the Lease of Ho-

\textsuperscript{08} For definition on protected lessees see Chapter 5, section “The precarity of being a tenant”
using and the Decision on the Lease of Public Rental Housing. The first type of decision regulates the lease of apartments on the basis of so-called priority list. Calls for apartment allocation on the basis of priority lists are typically published every three years, and the programmes are open to citizens who have been residents of Zagreb for more than 10 years, are in a difficult financial situation, live in inadequate conditions and do not own real estate in any part of Croatia. To illustrate the latter criterion, we will present a problem faced by the three-member family G. we spoke to in 2019, who were assigned a city apartment due to a difficult financial situation and health problems of an underage child. The family was about to inherit one-eighth of a house in the Sisak-Moslavina County, i.e. in an area where the real estate market practically does not exist. However, given the above criteria, the family feared that their lease of a city apartment would be terminated due to inheritance that is unusable for their housing needs.

Although the conditions for entering the programme are very strict, the priority lists are usually much longer than the number of available apartments, and the process of allocating apartments is extremely drawn out. According to the answers we got from the Department in 2019, one file (one application) “passes nine times through the hands of several clerks and committee members, and that is if the request is complete and legitimate. If not, then the number of [checks] increases significantly.” The Department did not confirm the exact time limit, but conversations with system users have shown that it could be years between applying for and getting an apartment. For one system user, M., three calls for applications and a total of ten years have passed from the first application to
the final apartment allocation. Given that the number of household members is one of the criteria in the verification of applications, as well as in the scoring, family circumstances can change significantly in the time-frame of ten years. At the time of her first application, M. was a single mother with three underage children, low income, and one child suffering from a chronic illness. Four of them lived in a two-room apartment with five other household members, a total of nine people. Not only did M. not “climb” high enough on the priority list, but the first on-site examination of the merits of her request led the Department to conclude that M. had no grounds for using the City’s rental housing, as they did not consider her living conditions to be inadequate. As M. explained to us, during the field check she was told that she should consider herself lucky for not living on the street.

Although the system of housing allocation involves a number of City decisions, with a long process of administering applications and fairly strict criteria for system users, the allocation mechanisms include another factor that should not be ignored: a discretionary decision of the mayor. Namely, according to M., she finally got an apartment not by being moved up on the priority list, but by addressing the mayor directly through the city’s website and describing her situation. Shortly afterwards, she was invited to a closed-door meeting in which the mayor gave apartment keys and agreements to several future users of the system. The apartment she finally got and in which she still lives today has 45 square meters; it was in a dilapidated condition when she moved in, and contained only one room and a kitchen for the mother and her two (then) underage children.
Housing is allocated on the basis of approximately a dozen grounds (table 2 in the Appendix), but the mayor can, as described in the case of M. and others who were in the room that day, use his discretionary right in order to award apartments. In so doing, he ‘unblocks’ the system in a certain way, which results in the reproduction of political power based on fast and individualized interventions. Namely, such unblocking of a system clogged by rules, inefficient administration, the institutions’ cynical approach to people’s needs and the weak institutional capacities, can serve as a powerful tool of political campaigning. The late and long-term mayor of Zagreb was certainly no exception. This represents one of the well-documented (Rolnik 2019, Tugal 2009) political mechanisms where consent is based precisely on unblocking a congested system by granting ownership or the right to use land or housing. Just like the Croatian Real Estate Agency ‘unblocked’ the status of Serb refugees’ property in order to legitimize ethnic cleansing through material concessions to the majority population (by allocating the redeemed property), so the ‘unblocking’ of the city administration’s housing allocation system is just another feature of a tactic fundamental to the reproduction of inequality and control of the population. In the case of housing managed by the City of Zagreb and its allocation outside of proper procedures, instead of actually improving the system and unblocking it on a structural level, the late mayor’s political action was concentrated on quick fixes and the individualization of assistance (for individuals or particular communities), in an effort to politically exploit the potential of public property through individual concessions. Such tactics have repeatedly been shown to be a useful political tool of electoral politics, in which the
mayor of Zagreb certainly does not lag behind his contemporaries in other parts of the world (see Rolnik 2019).

Institutional framework for public management of the housing stock – housing allocation

According to the data we received from the Department of Housing and Housing Provision in 2019, out of the total number of 7265 housing units under City management, only approximately 40%, i.e. 3026 units, were allocated on the basis of decisions based on the priority list, that is, decisions that did not account for the priority list but were made on the recommendation of the City Office for Social Welfare, i.e. on the basis of the applicants’ difficult financial situation. As we mentioned earlier, this data differs drastically from the data that can be obtained by scraping the database of City property, which shows that the number of apartments allocated in this way is 1701 (See tables 1 and 2 in the Appendix). Given that in the latter case, the accuracy of data depends on the regularity of updating the database, we will assume that the discrepancy is caused by the database being out of date - but we also leave room for the conclusion that this points to a much more serious problem with the City’s insight into the housing situation. Regardless of this, as this number represents only 1%, or as little as 0.5% in a more conservative estimate, of the total number of housing units in the City of Zagreb (ca. 350 000 units), it is clear that the system does not meet the existing needs.

The rest of the apartments, not including those distributed through the model of so-called public rental housing which we will later look into, have been allocat-
ed to employees of state and city institutions, deserving persons, people in culture, etc., i.e. following the criteria other than the so-called welfare category. According to the Housing Department data (Table 2, Appendix), the total number of apartments allocated on the basis of someone’s service or merit was 164 in 2018, 170 in 2017, and 180 in 2016. It should be noted that the City of Zagreb continuously privatizes apartments it owns through annual calls for tenders, but the total number of apartments under city management in the categories of public rental housing is growing (apartments leased from the Zagreb Holding). The number of apartments with lessees protected in accordance with the Act on Lease of Apartments has drastically decreased, as has the number of apartments allocated on the basis of merit or official duty. Simply put, housing units are continuously being excluded from the total stock of housing under public management through the process of privatization (be it through new ordinances or through laws concerning denationalization and return of property that was inhabited after WWII), but at the same time new units are being built through the Zagreb Model of Housing Construction - so that, over the years, the number of apartments under City management has ranged between 7,000 and 8,000. The City does not issue up-to-date information on the categories of apartments being privatized, in the sense of the grounds for their allocation. However, from the observed decrease of almost 10% in three years in the number of apartments allocated on merit or official duty, it is clear that apartments from this category are being intensively sold off, or rather, privatized. For example, in 2018, one of those apartments was bought by the aforementioned deputy head for property affairs in the Housing Sector, Branka Škrnjug. Škrnjug was renting a city apartment
until 2018, when a tender was announced for the sale of that apartment in which she was the only bidder, and the apartment was eventually sold for 1,200 euros / m² in the part of the city where the average value of a square meter at that time was about 1,700 euros / m². In our 2019 written interview with the Housing Department, which is under Škrnjug’s jurisdiction, we asked whether the Department processed requests for the purchase of city-owned apartments, and the answer was: “Yes, but tenants are often not aware of the fact that the apartments are sold at a market price, and not at a more favourable price like before.”

The geographical distribution of housing units managed by the City, with the exception of public rental housing, is relatively evenly distributed over the Zagreb urban area, with the highest concentration of apartments in the eastern district of Peščenica - Žitnjak (see map 9), but the central district Donji Grad does not lag far behind. Apartments allocated on the basis of Decisions on Public Rental Housing are predominantly concentrated in the eastern fringe of the city in Sesvete district, more precisely in the area of Novi Jelkovec, followed by the southern fringe area of Podbrežje.

Public rental housing

The Department of Housing and Housing Provision claims that the logic of providing housing in apartments managed by the City is based on the grounds for allocating the right to an apartment, and not on the location of the apartment. But, the Decision on Public Rental Housing implies moving into apartments in Podbrežje and
MAP 9: Distribution density of housing units managed by the City of Zagreb.
Novi Jelkovec estates. More precisely, though the allocation system is based on a number of grounds, only in the case of public rental housing is this basis determined by the availability of housing units in these two estates.

The system of public rental housing was created in 2009. Documents such as the Zagreb Social Structure [Socijalna slika Zagreba] describe this programme as the city’s special effort to positively affect the affordability of housing, and the heads of the housing departments and sectors praise it as an extraordinary programme that enables them to do their jobs and provide housing. But in reality it is an accidental by-product of the failure to sell apartments in Novi Jelkovec, as described in the chapter on the Zagreb Model of Housing Construction. As already discussed, the vast majority of apartments built in this estate remained unsold due to a number of variables, of which perhaps the most significant was the economic crisis, and while the fact that the final price of apartments was much overvalued for the location surely contributed. The new programme for the allocation of public rental housing appeared as a solution through which the City of Zagreb entered into lease of about 2,000 housing units. Taking over the remaining unsold apartments on the basis of two leasing agreements with Zagreb Holding, which was an investor in their construction, the City covered the costs of Holding’s loan, and rented out some of the apartments under the new programme of public rental housing.

The conditions for renting public rental apartments, i.e. the grounds for exercising the right to rent, do not differ drastically from the conditions for obtaining housing based on the priority list, except in three scoring categories, as follows. The duration of residence in Zagreb
ceased to be a decisive factor, so this programme could be used by those who have just moved to Zagreb. The number of awarded points was inversely proportional to the applicants’ age, which was supposed to favour a slightly younger population. Finally, the users had to have slightly higher incomes than those on the priority list. Namely, household income must be such that it amounts to at least 30% of the average Zagreb salary per household member. The rental price is determined by a special formula with a standardised basic amount adjusted for square footage, and is ultimately higher than the protected lease price defined by the Act on Social Welfare. Škrnjug and Šarlija-Durin explained that this type of rent made it easier to allocate apartments to households that previously could not climb high enough on the priority list because their income, while still being comparatively low, did not give them access to social housing programmes. The establishment of the public rental housing programme thus enabled extension of the housing programme to the group that is not in the lowest income class, but is still not able to solve their housing issue on the market. In a written interview we conducted in 2019, the Department also confirmed that the processing of applications was much shorter and lasted 4-6 months, which is a real benefit of this programme.

However, although the system has been extended to other social groups, by reviewing the design of the scoring model and extrapolating the average points awarded per category, it becomes clear that age group corrections and the removal of the condition regarding the duration of residence in Zagreb, did not have a drastic effect on the target groups. This is because even though the number of years of residence in Zagreb is no longer a prerequisite, it
is still a criterion for which additional points are awarded. Charts 3 and 4 show the average distribution of points in both systems, as well as the profile of users who emerge at the top of the list.

The charts show the percentage of points awarded to certain categories such as income or veteran status, in which the (low) income carries a lower percentage of points than veteran status or even the number of household members. Also, the number of years of residence in Zagreb carries an average of 14% of the total number of points, and the longer the residence, the more points are awarded in both systems, which ultimately results in the system preferring older population.

In addition to apartments owned / co-owned by the City or leased from Zagreb Holding, Zagreb has a significant number of state-owned apartments. This ownership originated in the processes of the 1990s, in the takeover of housing units in which the occupancy right holders were members of the Yugoslav National Army, to which one should add the apartments that came under the jurisdiction of local governments in the process of privatizing Yugoslavia’s housing stock, and which later became state property on the basis of legal succession. In total, there are 3,184 state-owned apartments in Zagreb, and they are distributed in such a way that their highest density is in central city districts, in contrast to the apartments managed by the City (Map 10).

Given the geographical distribution of newly built housing managed by the City of Zagreb (Novi Jelkovec and Podbrežje), it is clear that rental programs under the jurisdiction of the City tend to be located in city rings with the lowest rental prices on the market. However, given the concentration of state ownership in the dis-
CHART 3: Average distribution of score percentage in the allocation of housing based on the priority list. Example of a beneficiary: a single parent, war veteran with three underage children, in the lowest income category, unable to work and with one child with mental disabilities, who has lived in a rented apartment in Zagreb for 15 years - a total of 100 points (115th on the priority list). At the top of the list: 137 points (48 years of residence, maximum length of military service), 132.5 points (45 years of residence), 127 points (65 years of residence), etc.

- veteran status (per months of service, up to 20 points) 18%
- stambeni status (do 40 bodova) 36%
- duration of residence in Zagreb (1 point per year) 14%
- inability to work, physical or mental disability (5 points per household member) 9%
- income up to 12 points 11%
- household size (points per household member, age, number of parents) 12%
CHART 4: Average distribution of score percentage in the allocation of housing from the list of public rental housing. Example of a beneficiary: single mother, 55 years old, Master of Philosophy degree, victim of domestic violence, has an underage child with physical disabilities, has lived in a rented apartment in Zagreb for 9 years - a total of 95 points (53rd place on the list). Top of the list: 151 points (75 years of residence, M. Phil., 1 household member), 136.5 points (52.5 years of residence), 135.5 (61.5 years of residence).

- Stambeni status (do 40 bodova) 42%
- Academic status 16%
- Years of residence in Zagreb (0.5, 1 or 1.5 points per year) 9%
- (at 11 years of residence the importance of this criterion starts to grow rapidly: e.g. 10 years - 10 points, 12 years - 18 points)

- Household size (points per household member, age, number of parents) 12%

- Inability to work, physical or mental disability (10 points per household member) 11%

- Age (up to 40 points) 5%
  (at 35, the importance of this criterion starts to fall rapidly: age 34 - 40 points, age 54 - 5 points)

- Victims of family violence 5%
Out of total of 3184 state-owned apartments in Zagreb, 2395 are apartments managed by the Ministry of State Assets; it is easy to see that they are mostly located in the central districts which are also the districts with the lowest concentration of affordable city apartments.

MAP 10: Distribution density of state-owned housing units.
tricts with the highest rental price, as well as the aforementioned concentration of public land in the city’s tramway zone, these resources can certainly contribute to reducing the trends of gentrification and the concentration of poverty. Unfortunately, management mechanisms and proper analyses that are necessary for such urban development are missing.

Renting housing on the market

According to the 2011 census, over fifteen thousand households in the City of Zagreb live in rented apartments with the so-called freely-agreed rent. That is, the housing status of about 30 thousand people, or some 4% of the city population, is that of tenants who pay the market rental price. To this we should add some seven thousand tenants who rent parts of apartments at market prices. There is also a statistically significant percentage of households in Zagreb (above 5%) that declare themselves as tenants who do not pay rent, i.e. who live in apartments belonging to friends and relatives. The number of such households is slightly higher than the number of households with freely-agreed rent, and amounts to more than fifteen thousand, which means that over 40,000 inhabitants fall into this category of housing status. The number of tenants who declare themselves as tenants who do not pay rent certainly includes those households that do not disclose their actual status to census enumerators. This opinion is also shared by Bežovan, whose estimates of the actual number of households that pay rent include a certain percentage from the category of those who live in someone else’s real-estate rent-free.
However, due to the lack of adequate statistical data and regulation, we cannot ascertain the exact number. Although this type of statistical data is not transferred to tax authorities, it is the landlords’ fear of being liable to pay tax on part of the collected rent that will compel tenants not to report their actual housing status in censuses and surveys. Here, of course, we operate only on assumptions, i.e. our own experience and that of renters in our surroundings, but we consider this experience to be quite valuable, seeing how data monitoring is very scarce.

Moving into an unknown landlord’s apartment, i.e. the housing transition from the (usually) parental home to paying rent on the market, is most often considered a temporary episode in the so-called housing career[^9] of individuals. The nature of this housing status is defined by the type of country’s housing policy, but renting on the market is predominantly present in cities and, in our region, represents a transition between parental housing to a “more stable” housing status. But since the self-management period to the present day, market rental transitions have become more frequent, and have risen from 7% in the pre-war period to 16% of all housing transitions during the economic crisis (Rodik et al. 2019). The most common age group entering into this housing transition is between 20 and 40 years of age, and it is this group – or, more precisely, the group from 18 to 39 - that was covered by the 2018 survey of the City Office for Demography, conducted for the purpose of developing the City of Zagreb Demographic Development Strategy for the period 2019–2031. According to the survey, as many as 20.4% of this age group

[^9]: The phrase ‘housing career’ includes a person’s housing history – the transition from one housing status to another or, for example, remaining in the original housing status, etc.
group solved their housing issue by renting on the market, while only 31.4% of them owned the residential real estate in which they lived, of which 12.2% were owners with a mortgage. The surveyed tenants paid an average rent of some HRK 2,000, or slightly less than 300 euros, and the information on the average rent paid in this age group, together with the data on the spatial distribution of rent price categories shown in Map 12, can give us some insight into the distribution of these tenants across the city geography. We must also not ignore the fact that, according to the Household Income Survey for the period 2015-2018, as many as 32.1% tenants (and, according to Eurostat reports, this percentage is even higher) belong to the group that is most burdened by housing costs. The at-risk-of-poverty rate for this group in the observed period increased from 20% in 2015 to 29.7% in 2018.

The precarity of being a tenant

Renting apartments on the market is characterized by informal contractual relations that affect the position of tenants, or rather the low level of housing security in this status (Rodik et al. 2019). The Act on Lease of Apartments, which entered into force during the 1990s, was supposed to regulate this field of housing relations, but the reasons for adopting this Act (as described in previous chapters) had little to do with rental relations on the market, and mainly concerned the rights and obligations of protected lessees, a status that resulted from the privatization processes of the early 1990s. Protected lessees were assigned to the previous tenancy right holders that were not able to purchase the apartment they were living
The map shows the distribution of apartments according to price categories so that the portion of the most expensive apartments grows with the proximity of the city centre, resulting in three concentric circles which correspond to pricing zones.
Map 12: Distribution of ads for long-term rental apartments on the market according to the rent price (up to 300 euro per month) within the total number of apartments advertised for rent.

The map shows the distribution of apartments according to price categories so that the portion of the most expensive apartments grows with the proximity of the city centre, resulting in three concentric circles which correspond to pricing zones.

The distribution of affordable apartments
- 0–300 € – 41 oglas
The map shows the distribution of apartments according to price categories so that the portion of the most expensive apartments grows with the proximity of the city centre, resulting in three concentric circles which correspond to pricing zones.

**MAP 13: Distribution of ads for long-term rental apartments on the market according to the rent price (from 300 – 600 euro per month) within the total number of apartments advertised for rent.**

- : 300–600 € - 761 oglas
in during the privatisation process, that is mostly those that had tenancy rights over an apartment that still had assigned private property rights to them (see chapter 1). Even though Zagreb has seen a growth in the number of lease agreements for apartments rented in the market, the collection of data related to this housing status has been markedly neglected. Namely, pursuant to the Act on Lease of Apartments, the landlord is obliged to register a signed lease agreement in the competent office of local government, i.e. the City of Zagreb. But, the entry of that agreement in the database is left to the good will of landlords, and there are no transparent records of the number of such contracts, or of their content and legal validity.

The 2018 Report on the Real Estate Market in the City of Zagreb stated that the total number of received lease agreements since the establishment of the Real Estate Valuation Service, i.e. the entry into force of the Real Estate Valuation Act (2015), was 21,648. Out of this number, 4,782 rental agreements were received in 2016, 6,490 in 2017, and a total of 5,700 rental agreements in 2018. It is interesting that, prior to the entry into force of the Real Estate Valuation Act, lease agreements for Zagreb were sent to the Housing Administration at the Office for Physical Planning, and after the amendments to the Act, these cases are dealt with by the City Office for Property Affairs, or rather the Department for Housing Affairs and the Status of Displaced Persons, Refugees and Returnees. So, in the institutional sense, the issue of rental housing has been transferred from the framework of city planning to the framework of activities related to property, or rather taxes.

The total number of agreements received in a year cannot serve as a basis for drawing conclusions on the
trends in the number of housing relations covered by these agreements, since amendments of existing contracts agreements are registered in the same way as new agreements. When we conducted a telephone interview with a representative of the above-mentioned City Office in 2019, and asked if they could give us data on the total number of new agreements received in the previous three years, they said that the Office did not collect this type of data, i.e. did not keep records of new agreements, and that they only forwarded everything (new agreements, amended agreements, etc.) to the tax administration. Simply put, although local governments are obliged by the Act on Lease of Apartments to keep records of lease agreements and estimates of the average rent by city districts (which should be the basis for determining the maximum possible annual increase in rent according to the Act), the City Administration is only an intermediary between the tax administration and landlords. Even before the entry into force of the Act on Real Estate Valuation, which resulted in an administrative reconfiguration, the local government did not pay special attention to this type of housing status, but the aforementioned change of City Offices’ jurisdiction defined the institutional relationship to market-based rentals even more clearly. Namely, the only thing that the competent institutions regulate in relation to housing rented on the market comes down to settling the obligations of landlords to the state and the city, while the position of tenants remains completely neglected, which is most evident in the complete lack of control over the content of lease agreements.

When Pravo na grad was drafting a Manual for Tenants, as part of Workshops for Tenants in which tenants could get acquainted with their legal rights, we collected
dozens of lease agreements. We analysed the agreements on the basis of three basic aspects: a) Entering an apartment - obligations and rights of tenants, b) Staying in an apartment - obligations and rights of tenants, and c) Leaving an apartment - obligations and rights of tenants. The items from the agreement were compared with the provisions of the Act on Lease of Apartments, the Act on Ownership and Other Real Rights, the Civil Obligations Act and the Anti-Discrimination Act. The analysis found that most agreements predominantly penalized tenants and did not define the obligations of landlords, and that in many respects they conflicted with the provisions of these laws. It should be noted that the Act on Lease of Apartments was written in such a way that a good part of its provisions are open to different interpretation through agreements, which is why the existence of agreements in some respects further jeopardized the position of tenants. The renting practice in Zagreb and Croatia is such that the landlord offers an agreement to the tenant, often in the presence of a lawyer or a real estate agent, which primarily protects the landlord’s property while neglecting the rights of the tenant. The tenant, as a weaker party, is rarely aware of their rights, but even if they are, negotiations over agreement items are often reduced to the ability of individual tenants to get some kind of a concession. Put differently, negotiations are often completely dependent on the tenants’ character traits, while institutional control of the content and subject of the agreement does not exist. Thus, the most sensitive questions regarding the conditions for cancellation of the agreement are usually left to the will of the landlords, and the most common deadline for evicting tenants on the basis of the agreement is often only 15 days, which is much shorter
than the deadline stipulated by the provisions of the competent Act.

The affordability of rental housing in Zagreb

Due to the lack of affordable rental housing in the last few years, practice has shown that available apartments are rented extremely quickly, and tenants often have to compete with each other to enter into a rent agreement. Although this practice is known in other European capitals, in Zagreb it has become more pronounced with the increase in tourist rent, i.e. the proliferation of services such as Airbnb, which removed a large number of apartments from the long-term rental market, thus reducing supply and increasing the price of remaining available apartments. The annual growth of Airbnb in Zagreb in the last few years has been an incredible 30%, while the affordability of rental housing in Zagreb, as well as in cities on the Croatian coast, has fallen proportionally. Rental prices have been constantly rising in all major cities in Croatia, and 11% annually in Zagreb, according to the Njuškalo.hr portal. In 2019, the average price of one rental square meter on the largest advertising platforms such as Njuškalo.hr was incredible 9.47 euros, while in the central district of Donji Grad, that average could rise to 12 euros per square meter. The geographical distribution of such housing is directly related to the price per square meter so that, if one is looking for an apartment for rent in Zagreb at a price of up to 300 euros (about 25% of the average Zagreb salary in 2019, and 50% of the average salary in the service sector the same year), one can only find 41 apartments among the offers (see Map 12),
most of which are located on the east, south, and west ring. But the higher we climb in terms of the price range, the density of supply in the city’s central districts increases (see Map 13).

The supply density of affordable apartments in the city’s central districts is inversely proportional to the supply density of short-term rentals, i.e. rent for touristic purposes (Map 14). An analysis of rental locations offered through the Airbnb service shows that the concentration of apartments rented through this service is focused on locations with the weakest offer of affordable apartments. Taking this into account, it is clear that the increase in tourist overnight stays in Zagreb has significantly affected the affordability of housing in the city, and that the distribution of affordability, or its reduction, can be very clearly detected in the city’s geography.

Although the supply of long-term rental apartments in the affordable price range is extremely low, especially in the more central parts of the city, the largest number of rental apartments offered through rental services is in the price range between 600 and 1,000 euros. If we take that the average net salary in Zagreb in 2019 amounted to HRK 7,510, i.e. around EUR 1,000, and that, for example, the average salary in the service sector was just over HRK 4,000, or slightly less than EUR 600, one can only guess which income class finds it acceptable to pay such high rental prices.

All the above makes it clear why the observed period saw an increase in the number of young people aged 25 to 34 who still lived in their parents’ home. According to the Croatian Bureau of Statistics, an average of 62.4% of young people in this age group live in a parental home, while in the case of young men, this percentage is even higher and
The concentration of housing units offered through the Airbnb service in relation to the affordability of long-term rentals.

MAP 14: The concentration of housing units offered through the Airbnb service in relation to the affordability of long-term rentals.
amounts to 74.6%. It should be noted that most of them are employed on a full-time basis - 70.4% in 2018, which is an increase of 10% compared to the share of employed persons who still lived in the parental home in 2015. This increase can be attributed to the increase in rental prices on the market, and the growing precarity of tenants resulting from the rise of tourist overnight stays in Zagreb and the coastal cities, but also to the fact that the liberalized labour market prevents this group from accessing housing loans and public programs based on this type of borrowing.

As shown, the regulation of the rental market has been completely neglected and the tenant housing status remains deeply precarious. But, this status is also the only alternative to home ownership and its popularity has been increasing. All this leads us to the conclusion that this is a sphere in need of intensive intervention in the form of regulations and policies aimed towards increasing the security of rental housing. But not only does the state not regulate the status of tenants, its regulations keep pushing it deeper into the grey zone. According to the head of the Pragma organisation, prior to the 2010 Amendments to the Ordinance on Income Tax, the organisation recorded an increase in the number of tenants on the market who demanded the regulation of their status, and increasingly required landlords to sign agreements and receipts of rent payments. Namely, such agreements and receipts were the basis for obtaining a personal tax deduction based on housing costs. In 2010, i.e. in the midst of the economic crisis, the Amendments to the Ordinance deleted all the provisions related to the possibility of personal tax deductions based on housing costs. Especially important with regards to the rent was
Article 60, which defined tax deductions for a certain amount of rent. We should also note that, the same year, Croatia passed the Act on Stimulating Apartment Sales Act on the Promotion of the Sale of Housing Units, which allocated public funds aimed at subsidies and loan guarantees for apartments in new constructions, bought by individual households on the real estate market. With these developments, the state increased the tax obligations of tenants, while directing public expenditures funding into housing loans.

Throughout the periods observed, the market rentals and the way they have been regulated in Croatia has followed a path different from many other metropolises in Europe or the USA. Still, this housing status has been additionally neglected on the basis of provisions and laws not directly related to long-term market rentals. For example, with the Amendments to the Income Act, local governments have been given the opportunity to independently define flat-rate taxes for tourist rentals in 2018. Thus, city assemblies could vote to tax those renting to tourist to the amount between 300 to 1,500 HRK per bed annually, and the City Assembly of Zagreb, like most other cities with many tourist overnight stays, decided to keep the flat tax for the city’s urban zone at HRK 300 per year. For comparison, tax on long-term apartment rent of HRK 2,000 per month would cost a Zagreb landlord approximately HRK 200 per month, or HRK 2,400 per year; if they rented the same apartment on the short-term rental market, the annual tax would be between 300 and 600 HRK (depending on the number of beds), meaning three to eight times less. Tax policy is only one way to stimulate a return of housing units to the long-term rental market, but the lack of awareness of the connection be-
tween the phenomena like gentrification, housing affordability, depopulation of central city districts and, ultimately, over-indebtedness due to housing loans, testifies to a policy that has no intention of materializing the state’s obligation to ensure the right to housing for most of its inhabitants. Specifically, in the words of Ada Colau, the message of our housing policy is clear: “whoever didn’t buy a house was stupid, and whoever was still renting, a poor wretch” (Colau and Alemany 2012:46).
CONCLUSION
As expected, the housing issue in all the periods observed reflected the power relations in the society, or rather the level of discrimination on the basis of class, race and ethnicity. This analysis has revealed a continuity in the production of spatial inequalities based on the housing status, which remained unaffected by differences in the mode of housing production. However, the extent of inequality largely depends on the presence of redistributive mechanisms that varied significantly between different periods. The material reality of the housing issue in Croatia is the product of both the specific and the global context and ideologies. This analysis tried to interpret them by looking at the institutional framework of housing provision, the design of public housing programmes, the allocation model of funds directed to housing, the legislative framework for the protection of tenants in different housing statuses, and the relationship to the value of land and the role of urban planning.

In the second half of the twentieth century, just like the countries of the so-called welfare state, Yugoslavia used collective funds to provide a significant number of public, that is, socially-owned housing units. However, the privatization of the socially-owned housing stock resulted in a gradual dissolution of all forms of exercising housing and land rights that did not clearly fall under the private or public property category (occupancy right, right of use, etc.). The aim was to clearly delineate private and public ownership, finally establishing private ownership of a housing unit as the all but exclusive guarantee of housing security, i.e. the right to housing. Furthermore, the privatization process served as a shock absorber for the sudden socio-economic changes, because the model
of privatization guaranteed tenants the right to buy – which gave them relative housing security in the newly emerged economic relations. However, this possibility was not afforded to everyone, so that the Croatian process of privatization in the 1990s was strongly marked by aspects of ethnic cleansing, in accordance with the state policy of the time.

The low share of remaining publicly owned housing units, and the orientation of housing policies towards market patterns of providing housing significantly affected the logic of urban development and the distribution of population, a phenomenon that is rarely considered when discussing the results of specific policies. The growing dominance of market mechanisms in solving the housing issue has led to an increase in the unaffordability of housing, a sharp credit expansion, and a more pronounced stratification of the population with respect to the geographical distribution of housing prices in any of the housing statuses.

In just a few decades, we went from a society that produced a collective right to housing (more or less successfully), to one that valorises the housing through the real estate market, i.e. the exchange value of housing, despite the undoubtedly essential use value of a roof over one’s head. With the growing need to buy one’s living space, and the consequent increase in available financial products for buying an apartment, today’s housing policies have redefined households and individuals as investors, “with their investments becoming a way to acquire material goods and security” (Langley according to Rodik, 2019).

Interestingly enough, although the state has been abandoning extensive programs of providing affordable
housing for all social groups, which is again modelled on global trends, public housing expenditures have by no means become negligible. By tracing budget allocations for housing programmes, we can see that the state invests significant public funds in housing loan subsidy programmes as well as the production of living space at cheaper purchase prices. In the last twenty years, the state has invested almost two billion HRK in subsidy programmes and construction of apartments for sale, and this figure does not include the value of public land on which housing units were built as part of publicly subsidized housing programmes. The housing policy therefore provides financial help to the middle class for buying homes, and visibly favours consumption of housing loans and increasing percentage of housing ownership, as it does not invest nearly as much in other forms of housing statuses. More precisely, Croatia is unfamiliar with the so-called neutrality of housing policy when it comes to housing statuses. The predominant funding of a single housing status is often taken as a rational policy reflex that arises from the preferences of the population whose need for housing security is interpreted through the affective relation to ownership, while in reality the opposite logic holds true. The direction of housing policies is not dictated by the desires of the population; it is the desires of the population that are defined by state mechanisms that guarantee housing security for the housing status that favours the real estate market.

Housing, especially acquiring the second residential property, is often viewed as a household’s financial security, a kind of safety net for survival in one’s later years.

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10 In literature, a neutral housing policy is understood as a policy that equally invests in various forms of housing statuses.
The phenomenon known in literature as asset based welfare, i.e. welfare state that is based on private property, is present in many households throughout Croatia. Housing assets purchased through the process of privatization and/or inherited from previous generations often serve as household security against potential unforeseen retirement costs, or as a pension supplement in the form of rent. Thus, social benefits and security that were once guaranteed by the welfare, or socialist state to be more precise, are today provided by the tenant who pays rent to this type of landlord. Therefore, the rental market represents a complex space with tenants and landlords in a relation of unsustainable mutual dependence in which the state refuses to intervene, mostly to the detriment of tenants. The rental market in Croatia thus remains largely unregulated, and according to Eurostat’s 2016 data\textsuperscript{11}, almost half of households in this housing status are overburdened with housing costs.

Georeferenced price ranges presented in the analysis of the rental market in Zagreb clearly show that the proliferation of short-term rental services has made the possibility of finding a long-term rental in an affordable price range quite low, and that (relatively) affordable housing units are to be found only on the outskirts. It is interesting that these gentrification trends were not taken into account in designing public housing programmes and deciding on their location, or rather, that despite all the sudden changes in recent decades, these phenomena

\begin{footnote}
\textsuperscript{11} Housing cost overburden rate is defined as the percentage of the population living in households whose housing costs account for more than 40\% of total household disposable income. Housing costs include energy and water bills. Eurostat (2016) https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Housing_cost_overburden_rate_by_tenure_status,_2016_(%25_of_population)_YB18.png
\end{footnote}
are not considered in city planning. As we have shown, the public housing programmes of the City of Zagreb do not follow the logic of the least-cost principle in terms of construction costs and optimization. Instead, their peripheral locations are conditioned by the low price of city land on which these programmes are created, failing to take into account the increase in costs due to additional infrastructure investments required by such distant locations.

The spatial stratification of the city, generational inequalities, and certainly the stratification based on the transgenerational wealth transfer of Yugoslavia’s privatized housing assets, all testify to the inefficiency of the privatization policies with respect to the availability of affordable housing. The generations born during the global momentum in the privatization of public housing stock consequently bear the greatest burden of policies created decades before they felt the need for a home of their own. These are the generations that, as adults, still predominantly live in the parental home and have significantly less housing wealth compared to the older generations, but also the most debt in housing loans. Here we must stress that the transformation of the housing issue we are trying to envisage is not aimed towards the increase of personal wealth and property of these generations. Instead, we are aiming towards the basic premise of the right to the city: achieving collective power to ensure collective rights to material security, primarily a safe home as the basic precondition for exercising all other rights, such as the right to health and work.

In order to even start a conversation on the direction of city development that would aim to reduce housing and spatial inequalities, we must consider the way insti-
tutions function, as well as the way public goods are managed. Urban city-owned land, as we have shown on the example of Zagreb, is distributed throughout the city, and the locations of these public spatial resources - in a consideration based on an integral understanding of the housing issue - could serve as a pledge to preserve the social heterogeneity of city districts. If housing policies were thus linked to city planning, the production of public rental housing in these locations would certainly counter the gentrification processes produced by the market housing supply. Likewise, the potential introduction and financing of diversified housing models, from non-profit housing initiatives such as cooperatives to ensuring greater security of tenancy status (including rent subsidies), could slow down the described unfavourable trends in a relatively short time. In brief, it is necessary to direct public resources (both financial and spatial) to the production of housing that has been decommodified in its nature, and neutralize housing policy by a) funding the construction of public rental housing; b) regulating the rental market and protecting tenants’ right to housing; c) enabling the development of non-profit housing initiatives through public investments and, d) managing public land in a way that would represent a pledge for a more economical construction of housing.

Ultimately, the analysis shows that, contrary to the often quoted thesis that Croatia has no housing policy, such policy has been consistently developed in the last thirty years. It was developed in the direction of integrating a growing number of households into the financial market, as well as normalizing the ownership of residential real estate as the only true home, and housing as a matter of the real estate market. But, the housing market,
“like any other market, cannot be characterized as a “natural” entity, but should be seen as the social product of the institutions that shape it.” (Aalbers 2016: 7). Since the institutions that form the housing market are mediated by globalized ideological patterns, it is possible to imagine that intervention in the logic of the institutional framework and dominant narratives would lead to different results of the analysis. That is, we can imagine a future time when the tension between the exchange and use value of housing would be resolved in favour of the latter. In contrast to the dominant narrative, this analysis emphasizes that ‘private property’ and ‘home’ are not equated concepts, but that policies should strive towards achieving the collective right to the city. Organizing in this direction represents a continuous process of struggle for material equality. The field of this struggle has already been formed in movements around the world, and the parameters of some future transformation of the housing issue will be reflected in the scale of collective power - both in labour and in housing relations.
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APPENDIX
<table>
<thead>
<tr>
<th>Category</th>
<th>Grounds for apartment allocation</th>
<th>Number of apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Protected Lessees as defined by the Articles 30 and 31 of the Act on the Lease of Apartments</td>
<td>465</td>
</tr>
<tr>
<td>A2</td>
<td>Article 7a of the Decision on Leasing Apartments – lease agreement for a period of up to 3 years, for persons outside priority lists, disabled and socially disadvantaged: people with physical disabilities, unable to work, dependent on care, and receiving welfare.</td>
<td>493</td>
</tr>
<tr>
<td>A3</td>
<td>Article 7 of the Decision on Leasing Apartments – lease agreement for a period of up to 3 years, for persons outside priority lists, disabled and socially disadvantaged: victims of family violence, veterans receiving long-term unemployment benefits.</td>
<td>896</td>
</tr>
<tr>
<td>A4</td>
<td>Article 2 of the Decision on Leasing Apartments – priority list.</td>
<td>312</td>
</tr>
<tr>
<td>A5</td>
<td>Tenants in public rental apartments.</td>
<td>947</td>
</tr>
<tr>
<td>A6</td>
<td>Tenants without valid legal grounds.</td>
<td>868</td>
</tr>
<tr>
<td>A7</td>
<td>Temporary tenancies.</td>
<td>86</td>
</tr>
<tr>
<td>A8</td>
<td>Article 5 of the Decision on Leasing Apartments – official purposes, limited time (City officials, City employees, members of the City governing bodies)</td>
<td>22</td>
</tr>
<tr>
<td>A9</td>
<td>Article 6 of the Decision on Leasing Apartments – lease agreement for a period of up to 3 years (scholars, artists, public officials)</td>
<td>103</td>
</tr>
<tr>
<td>A10</td>
<td>Tenants of apartments for official use</td>
<td>51</td>
</tr>
</tbody>
</table>

**TOTAL** 4243

**TABLE 1** – Grounds for allocating the apartments managed by the City with the number of apartments allocated, according to the City website
Data collection method:
The data was collected by data scraping, with the help of Miroslav Schlossberg from Code for Croatia, and saved as .xlsx and .csv database tables.

Dates of access: October 8th, November 17th, 2019

The database is divided into three segments: apartments, commercial properties and land (lease agreements). For the purposes of this study we used the City apartment data, which is divided into 10 separate categories. The database, available online, does not provide the explanations of the categories that we provided here. The categories are listed according to the rights-holders they refer to, starting from the least to and ending with the most socially disadvantaged groups. Each category was then further divided according to the initials of the right-holders’ first names, and then sorted in the alphabetical order. Each individual entry contains the right-holder’s name, address, the apartment floor area, and the city district. It is not possible to search the database in any way – according to the type of right nor according to the address or the city district – presumably in order to protect the rights-holders’ privacy.

Adaptation and georeferencing:
The main problem with georeferencing was the fact that street names can in Croatian be written in several different ways and are thus not uniformly listed in the database. They were also often listed in a way that is incompatible with the search and georeferencing syntax of the Google Maps API geocoding service, which is the basis of most tools for georeferencing large datasets. The task was additionally complicated by the automatically generated
<table>
<thead>
<tr>
<th>Category</th>
<th>Grounds for apartment allocation</th>
<th>Number of apartments owned or co-owned by the City</th>
<th>Number of apartments rented from Zagreb Holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>Protected lease based on the Articles 30 and 31 of the Act on the Lease of Apartments</td>
<td>831</td>
<td>0</td>
</tr>
<tr>
<td>B2</td>
<td>Lease based on Article 5 of the Decision on Leasing Apartments (official purposes – employees of the City administration)</td>
<td>22</td>
<td>0</td>
</tr>
<tr>
<td>B3</td>
<td>Lease based on Article 5 of the Decision on Leasing Apartments (people working in scholarly research, people working in the arts, people of special merit at the City and country level)</td>
<td>93</td>
<td>7</td>
</tr>
<tr>
<td>B4</td>
<td>Apartments conferred to public bodies, institutions, and NGOs, to use for official purposes</td>
<td>42</td>
<td>0</td>
</tr>
<tr>
<td>B5</td>
<td>A) Rented according to the Priority List and the recommendations by the City Department for Health, Labour and Welfare</td>
<td>1980</td>
<td>1046</td>
</tr>
<tr>
<td></td>
<td>B) Public rental</td>
<td>179</td>
<td>958</td>
</tr>
<tr>
<td></td>
<td>C) Rented on the basis of the Article 7a of the Decision on Leasing Apartments (legalisation)</td>
<td>518</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>D) Rented on the basis of the Article 2, subsections 2, 3, 4, and 5 of the Decision on Leasing Apartments (damaged, large floor area, change of ownership, court rulings)</td>
<td>54</td>
<td>6</td>
</tr>
<tr>
<td>B6</td>
<td>Apartments allocated for temporary use by the decision of the mayor (NGOs, landslide repairs etc.)</td>
<td>50</td>
<td>43</td>
</tr>
<tr>
<td>B7</td>
<td>Apartments used without valid legal grounds.</td>
<td>830</td>
<td>36</td>
</tr>
<tr>
<td>B8</td>
<td>Empty apartments</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To be allocated and prepared, so-called substitute apartments in solving property issues</td>
<td>56</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Not for allocation (return of property, damaged, derelict)</td>
<td>379</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Allocated apartments currently being refurbished</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Apartments to be refurbished</td>
<td>33</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Public rental apartments</td>
<td>6</td>
<td>33</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>5078</strong></td>
<td><strong>2187</strong></td>
</tr>
</tbody>
</table>

The City of Zagreb manages a total of 7265 apartments.

**TABLE 2** – Grounds for allocating the apartments managed by the City with the number of apartments allocated, according to the data provided in 2019 by the City Department for Housing and Housing Provision
four-digit street numbers that presented a source of noise in the geolocation process. It was often impossible to supplement the postal addresses with housing unit codes when there were several housing units on a single plot, sharing the same street number. Sometimes the only solution was to manually edit the addresses in order to make them compatible with the search syntax.
List of Maps, charts and diagrams with sources:


**MAP 2**: The locations of residential estates in Zagreb built according to the Socially Directed Housing Development model. A schematic of the geographical distribution and density. Created by Antun Sevšek according to Korlaet, L.; *Prostorni razvoj stana u Zagrebu 1975. – 2005. u okvirima programa društveno poticane stanogradnje*, 2015.


**MAP 4**: Map of an alienated city (and labour) – a part of privatised and decommissioned industrial sites in Zagreb area. Map created by Iva Marčetić for 2012 Solidarity March organised by Mreža antifašistkinja Zagreba [Zagreb Anti-Fascist Network].

**DIAGRAM 1**: A schematic diagram of the decision-making structure and organisation of housing developments in Sisak Ironworks during the last phase of the self-management housing programme.

**DIAGRAM 2**: A schematic diagram of the relationship between production and the housing fund according to the alternative model of privatisation of the Sisak Ironworks housing stock.


MAP 7: Locations of estates built within public housing development programmes in Zagreb in relation to poverty risk distribution. Created by Antun Sevšek. Source of statistical data: *Gradske četvrti Grada Zagreba – Prostorna i statistička analiza, Gradski ured za strategijsko planiranje i razvoj Grada* [Zagreb City Districts – Spatial and Statistical Analysis, City Office for the Strategic Planning and Development of the City], 2019.
MAP 8: Locations of estates built within public housing development programmes in Zagreb between 2000 and 2020 in relation to the portion of the population with higher education qualifications in Zagreb districts. Created by Antun Sevšek. Source of statistical data: Gradske četvrti Grada Zagreba – Prostorna i statistička analiza, Gradski ured za strategijsko planiranje i razvoj Grada, [Zagreb City Districts – Spatial and Statistical Analysis, City Office for the Strategic Planning and Development of the City], 2019.


MAP 9: Distribution density of housing units managed by the City of Zagreb. Created by Antun Sevšek by georeferencing the database of City property, scraped with the help of Miroslav Schlossberg from Code for Croatia. Data accessed in November 2019.

CHART 3: Average distribution of score percentage in the allocation of housing based on the priority list. Example of a beneficiary: a single parent, war veteran with three underage children, in the lowest income category, unable to work and with one child with mental disabilities, who has lived in a rented apartment in Zagreb for 15 years - a total of 100 points (115th on the priority list). At the top of the list: 137 points (48 years of residence, maximum length of military service), 132.5 points (45 years of residence), 127 points (65 years of residence), etc. Created by Antun Sevšek in 2018 by comparing the Ordinance criteria and the publicly available priority lists.

CHART 4: Average distribution of score percentage in the allocation of housing from the list of public rental housing. Example of a beneficiary: single mother, 55 years old, Master of Philosophy degree, victim of domestic violence, has an underage child with physical disabilities, has lived in a rented apartment in Zagreb for 9 years - a total of 95 points (53rd place on the list). Top of the list: 151 points (75 years of residence, M. Phil., 1
household member), 136.5 points (52.5 years of residence), 135.5 (61.5 years of residence). Created by Antun Sevšek in 2018 by comparing the Ordinance criteria and the publicly available priority lists.

MAP 10: Distribution density of state-owned housing units, managed by the Ministry of State Assets, which are located in the central districts with lowest concentration of affordable city apartments. Created by Antun Sevšek by georeferencing the scraped database of state property.

MAP 11: Distribution of ads for long-term rental apartments on the market according to the number of ads in individual city districts. Created by Antun Sevšek by analysing ads for rental apartments on the Njuškalo.hr website for classified ads – performing search, systematization and georeferencing of the ads, in December 2019.

MAP 12: Distribution of ads for long-term rental apartments on the market according to the rent price (up to 300 euro per month) within the total number of apartments advertised for rent. Created by Antun Sevšek by analysing ads for rental apartments on the Njuškalo.hr website for classified ads – performing search, systematization and georeferencing of the ads, in December 2019.

MAP 13: Distribution of ads for long-term rental apartments on the market according to the rent price (from 300 – 600 euro per month) within the total number of apartments advertised for rent. Created by Antun Sevšek by analysing ads for rental apartments on the Njuškalo.hr website for classified ads – performing search, systematization and georeferencing of the ads, in December 2019.

MAP 14: The concentration of housing units offered through the Airbnb service in relation to the affordability of long-term rentals. Created by Antun Sevšek by georeferencing the scraped databases from the websites Njuškalo.hr - classified ads and AirDNA - short-term rental analytics, in December 2019.