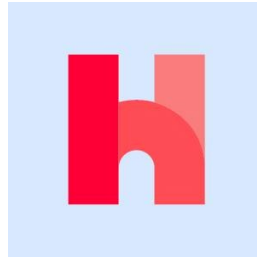


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Comprehensive study in North Macedonia to understand specific housing and tenants challenges

Everyone has the right to adequate housing, protection from eviction, non-discriminatory access to affordable, liveable, culturally appropriate and safe housing, without discrimination based on sexual orientation, gender identity or material or family status – universal declaration of human rights.

Housing in North Macedonia

The transition processes in the Republic of North Macedonia caused changes in the area of housing. The transition to a market economy imposed a different valuation system, so that the apartment is no longer just a social category, but, above all, a market one. The changes in the legal regulations in this area began in 1998, with the adoption of the Law on Housing, which, due to the dynamic changes in this area, underwent several changes. Currently there is a working group on national level improving the housing law. The national housing legislation covers all the housing laws, by-laws and programs that regulate the housing area. Although the Housing Strategy of Macedonia is taken as the basis for shaping housing policies, it was valid from 2007 to 2012 and since then it has not been updated. The most interesting thing is that the Strategy envisaged the involvement of various entities in its implementation, guided by the principle of participation, but also strengthening cooperation between state and local institutions, civil society organizations, private builders and other market participants.

According to the last census from 2021, Macedonia has population of 1.836.713 people, 598.632 households and 839.174 apartments. 307 187 are detected as empty apartments, or 36.6%. And while the number of apartments is growing, the number of residents in the last two decades has decreased by 185,834 people, or by 9.2 percent, in 2021. There is a growth in the number of households by just over 6%. 207 settlements in the country have been completely moved out. The problem of empty apartments is also a potential treat to increase the criminal activities, maintenance problems and so on.

The market prices have jumped, people are in a kind of chaos, they don't know if now is the moment to buy, if the prices will fall, if they will stay as they are. There is a shortage of quality apartments for sale, so the market is currently in a somewhat chaotic state. However, the data of the National Bank showed that in the first quarter of 2022 the growth of housing prices continued and reached a record 12.4%. Some say that moving out from Macedonia is a factor that has led to a large number of empty apartments and some say that people are afraid and

they are investing their money in buying many apartments. The real estate agency say that people buy few additional apartments.

Macedonia has high rate of ownership of homes. Home ownership rate in decreased to 85.80 percent in 2020 from 85.90 percent in 2019. The rate averaged 88.56 percent from 2011 until 2020, reaching an all time high of 90.60 percent in 2015 and a record low of 85.80 percent in 2020.

What are the main problems when it comes to housing?

In general, there is dissatisfaction with the existing legislation, laws and bylaws, regulations and norms that regulate housing. The legal entities dealing with the activity Housing, face a number of problems and non-compliance with laws in other areas, which requires the initiation of processes for the promotion of the matter. Municipal housing inspectors are the weakest link in the system. There is a lack of municipal housing inspectors. In the capital of Skopje only 4 municipalities have housing inspectors (Karpos, Aerodrom, Gazi Baba and Center). And even if they are present, their activity is not enough. Municipalities are not very interested in dealing with housing as a whole, which is reflected in the quality of life in other segments of society.

Urban municipalities do not treat housing, even though it is primarily their responsibility. The biggest problems faced by the citizens stems from the detected shortcomings in the Law on Housing, as well as the very weak control over the managers of the buidlings, which is the result of the lack of housing inspectors in the municipalities who supervise the work of the managers who are licensed for housing. It is important to mention that citizens are not sufficiently informed and believe that the Regulatory Commission for Housing carries out supervision, and they often complain to the commission about their problems. The housing regulatory commission is not obligated to supervise the legality of the implementation of the Housing Law. It is the exclusive competence of the municipal housing inspectors. There is a lack of municipal registry.

In general, housing is most often monitored in terms of market value, related to variations in real estate market prices and construction activities, but there is a lack of analysis regarding the quality of the housing stock and living conditions in individual buildings. Recently, the number of housing facilities from an urban and spatial aspect has been actualized, but there is still a lack of serious analysis that connects housing with human development and related to respect for human rights. Housing conditions and care in rural areas are not the subject of discussion or analysis at all. There is a lack of data and information on which the situation could be ascertained and future activity planned in that segment. There is a complete absence of a housing planning strategy, based on the needs of different groups of the population, which would be reflected through different sectoral policies and would contribute to a better life for all citizens.

In the National strategy for poverty reduction and social exclusion in Macedonia (2010 – 2020), one of the strategic goals was achieving standardized and harmonious housing conditions for the categories of citizens considered socially excluded in the housing area. Implementation of this strategy, among other things, meant providing qualitative housing conditions for all. As stated: “Social exclusion in the housing area means a complex social phenomenon in strong correlation with other forms of social marginalization. The three basic barriers to decent housing – economic, cultural and legal – are simultaneously in relation with persons who, based

on this, face social exclusion, but also with the locations of living that marginalized the set of a social circumstances". In 2010, when the strategy was in working stage, the plan was to connect it to the policies for housing. It was envisaged that the integral implementation of the components of the Action plan for implementation of the Housing strategy (2007 – 2012). Unfortunately, the Strategy has already been expired and there is no analysis or report to show its success, neither generally, nor upon planned measures.

What about tenants and renting?

Renting an apartment is regulated in Article 66 from the actual Housing Law and it is envisaged that the owner of the apartment rents the apartment by signing an agreement. Furthermore, the article stated that if the leaseholder rents a part of his/her own apartment in which he/she lives; he/she is obliged to sign an agreement on that part. The tenant may rent part of the apartment in sublease by signing an agreement on sublease, exclusively for a limited time and under conditions defined in the Law, with a consent of the leaseholder. The rent agreement and the sublease agreement are signed in written form and are notarized. Only an agreement in the form defined in this article is a basis for Rent registry and gives legal basis for respecting the rights of both contracting parties. Still, the real situation is a bit different. The most of the tenants actually do not have a written contract. When we turn to the state statistical office, in official correspondence, they cannot provide data on how many tenants are registered in the country. Because the majority do not have a legal document due to payment of taxes.

To be noted, the obligation to pay the rent tax comes out of the formalized contracts and payment of the rent to transaction account of the leaseholder. Still, because of the low living standard and the need to provide as cheap dwelling as possible, this obligation is very often avoided, so renting apartments is just agreed on verbal agreement and cash payment, as a transaction that is not registered anywhere as an taxable income. On one hand, the tax cost that the leaseholder has to pay is avoided and therefore the rent price is automatically lower and more acceptable, but on the other hand the tenant is in less favourable situation and cannot realize his/her own rights regulated in the laws. According to Article 87, "a person that uses an apartment and has not signed an agreement with the leaseholder, or has not extended the fixed time rent agreement; tenant uses the apartment without a legal basis." Without the mentioned legal basis, the tenant cannot use any other article that regulates his/her rights.

The non-implementation of the Housing Law is on the damage of the citizens, for which more attention must be paid. There is no categorization, nor minimum guaranteed quality conditions, nor a unified price for the lease based on the condition of the real estate, which puts the tenants in an unenviable position and violates their rights. In addition, as mentioned above, many of the tenants do not have written lease agreements which deprives them of the right to be protected. Beside the dedicated work of Habitat Macedonia, the civil society sector shows little activity in the area of housing. There are no organized groups to represent the rights of tenants, nor unions that would advocate for tenant rights. Tenants are afraid to speak about their problems because of facing negative consequences from the landlords.

Young people and housing

According to Eurostat data for Macedonia, in 2019 72.3% of young people aged 18 to 34 lived with their parents. The EU average in the same period is estimated to be 48.6%. In relation to at the age when they leave the family home, in 2020 young people from Macedonia made the decision around the age of 32. However, there is a large gender gap of about 7 years, and that is, women moved away from the parents' home at about 28 years, and men at about 35. The percentage of long-term unemployed young people is still very high 21.1%, although it has

been declining in the recent years. Only for by comparison, the EU average is 3.2%. This is because of the prolonged transition from adolescence to adulthood in young people and financial dependence on parents. The largest number of young people live in their parents' home: 77.3% live in their parents' home, and for 62.5% of them it is the simplest and most comfortable solution". Young people do not perceive housing as a right, because they take it "for granted", they have a place to live and consider it guaranteed. Even if it is not their residence, they live with their parents. They enjoy the comforts of their parents' home, and when they start to move out and live alone, they usually get help from their parents." Unfortunately, there are not specific policies that target youth housing apart from the popular "Buy a house, buy an apartment" project promoted at the end of 2011/22. "The youth can take loan for a new apartment or house. There are two possibilities. With one "half-half installment" - The government will provide funds for half of the monthly installment of the housing loan in the first five years. With the second model "half share" the state will pay 50 percent of the share for the loan. At the first model interest in the first five years is 4.99 percent for the first 3 and 5.5 percent for the next two years. The conditions that have to be fulfilled by the citizens who want to use the first or second model are the same. The credit can not be greater more than 50,000 euros with a repayment term of 20 years, if they do not have income over 900 euros, and the value of the apartment or house should not be higher from 900 euros per square meter." In the meantime, the project is developing and changing, with new opportunities, offers different models of subsidies and participations.

In total, since the beginning of the project, until the end of January 2021, they approved 1,693 requests to buy an apartment or house, or almost 1,700 citizens or families they got their own home through this project. Opinions on the project are divided and usually based on subjective and personal experiences. What is important about this analysis is that this is a project for people who already they have regular incomes, they have a good material situation in the family and that's it creditworthy, which are largely criteria that many young people do not they can fulfil them. This project completely excludes vulnerable groups citizens.

The service "Halfway House" provides help, support and preparation for independent living of persons who were previously under non-family protection; they did not had their own home or living conditions in their home, for their reintegration into society. Users of the service are: children without parents and parental care, children after leaving educational institution for resocialization, adults after serving a sentence prison, persons with disabilities, alcohol and drug addicts after implementation treatment for treatment and other persons with specific social problems that need preparation and support for an independent life. This description also includes young people up to the age of 29 and that is extremely important. What it is problematic that this service has not yet been established, and with others social services that connects with housing, the next phase is missing, that is, truly supported living in one's own residence (sub own does not mean acquired ownership over the residence, but current residence where the person organizes his own living).

Social housing model?

Before we move to the recommendations, we will briefly mention that the social policy only cares about housing the most vulnerable and the criteria under which they can acquire a home. The group of citizens that are in social risk and on the risk of poverty can apply to get social apartments. There are many social apartments that are currently build and building. Construction of housing for persons at social risk and other vulnerable groups project F/P 1674 (2009) for the construction of housing for persons at social risk and other vulnerable groups, is partially financed by the Development Bank of the Council of Europe. This project envisages the construction of 32 buildings with a total of 1754 apartments intended for persons at social

risk and other vulnerable groups with a total area of 72,643.70 m². Macedonia, has the obligation to realize them by the end of 2018. The size of the apartments goes from 35 to 45 m². The total value for the realization of the Project is 50,700,000 euros, of which 50% are funds from the Budget of the Republic of Macedonia, including the value of the construction land. The planned facilities are located throughout the entire territory of the Republic of Macedonia, which represents the state's effort for a more balanced development and to a certain extent equalization of the housing standard. Until now, 14 buildings have been built, which have been allocated and occupied. With their moving in, the living conditions of 678 families have been improved and the housing standard in the country has been equalized. The state needs to develop different models of social housing that will be adequate for assisting different vulnerable groups and majority of the citizens.

RECOMMENDATIONS

- Development of a new housing strategy based on the data obtained from the Census 2021
- Introduction of the topic of housing in the development strategy of the country
- It is necessary to initiate greater organization of the tenants and fully respect their rights
- It is necessary to increase the education and informing the tenants about their rights and opportunities provided by the existing legislation
We should work on creating special programs that will provide quality living conditions for all citizens, opportunities for prevention of long-term damage to the homes of people who are unable to invest continuously in the maintenance of housing
- Programs are needed to support the transition to more sustainable living, especially in terms of energy poverty and energy efficiency of buildings
- Increasing the fund of social housing and introducing new forms/models of (social) housing, tailored to the affected citizens
- Establishing direct cooperation with civil society organizations for joint creation of policies related to housing
- As a separate category that needs more attention, it is important to develop additional policies that will support independent housing for young people

The right to adequate housing is guaranteed by numerous international and European human rights instruments. The main obligation of the states for ensuring the realization of this right are prescribed by The International Covenant on Economic, Social and Cultural Rights¹ with Article 11, which recognizes the right of every person to an adequate standard of living for himself and for his/her family, including adequate food, clothing and housing, and continuous improvement of living conditions. This pact was ratified by the country in 1994.