

# Country Profile on Urban Development, Housing and Land Management, Albania



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# Country Profile on Urban Development, Housing and Land Management - Albania

- The Country Profile was carried out upon the request of the Government of Albania
- The request was received by the UNECE Committee on Urban Development, Housing and Land Management in October 2019 and reiterated in 2020
- The first Country Profile for Albania in 2002
- The Country Profile provides an independent policy review
- Recommendations to Government
- The CF will also inform international policy communities and donors
- An important archive of knowledge

# Country Profile – structure

1. General overview
2. Housing sector and housing policy
3. Land administration and governance
4. Urban and regional development and planning
5. Financing affordable housing

## Country Profile - coordination

### **Coordination at UNECE secretariat**

- Gulnara Roll, Secretary to CUDHLM
- Cecilia Batac, Statistics Assistant, HLMU

### **Coordination in Albania**

- National Focal Point – Doris Andoni, Director, Housing Policy, Ministry of Economy and Finance
- Local experts engagement – Polis University, Albania

## Country Profile - international experts

- Oleg Golubchikov, Cardiff University, UK – lead writer + urban chapter
- Kat Grimsley, University of Alicante, Spain – land chapter
- Alice Pittini, Housing Europe – housing policy chapter
- Edit Lakatos, Housing Europe – housing finance chapter
- Vahid Khatami, UNECE secretariat – support on housing finance chapter
- Felix Schoeneich, Contractor, HLMU – support on all chapters
- Elena Szolgayova, Slovakia – support on policy recommendations

# Data collection and milestones

- **Data:** policy and document analysis, government and expert interviews, practitioners and stakeholders consultations and input, fieldtrips
- **June 2020** – “National Housing Policy in Albania: Financing for affordable housing and the role of housing agencies”. Workshop organized by Albanian Government and UNECE, in cooperation with Housing Europe, UN-Habitat and the Union of Mediterranean.
- **November 2022** – A fact-finding mission by Gulnara Roll and Oleg Golubchikov. Fieldtrips in Tirana, Durres, and Elbasan
- **January-June 2023** – Online interviews and consultations with national experts; first draft
- **26 June 2023** - The stakeholder consultation meeting in Tirana. Fieldtrip to Kukes.
- **July-October 2023** – Editing and reviews by the Secretariat
- **October 2023** - Presentation at the Committee session
- **November 2023** – Final review by UNECE and submission as UN official publication.

# Initial consideration

## Lasting legacies of the “shock therapy” of the 1990s

- Self-removal of the state from many areas
- Almost complete housing privatization, land restitution
- Illegal land grabbing and informal construction around large cities by companies and individuals -> informal settlements
- Policies for housing, urban planning, building control, regional development – became marginalized
- Soaring social and spatial inequalities

# Demographic shifts

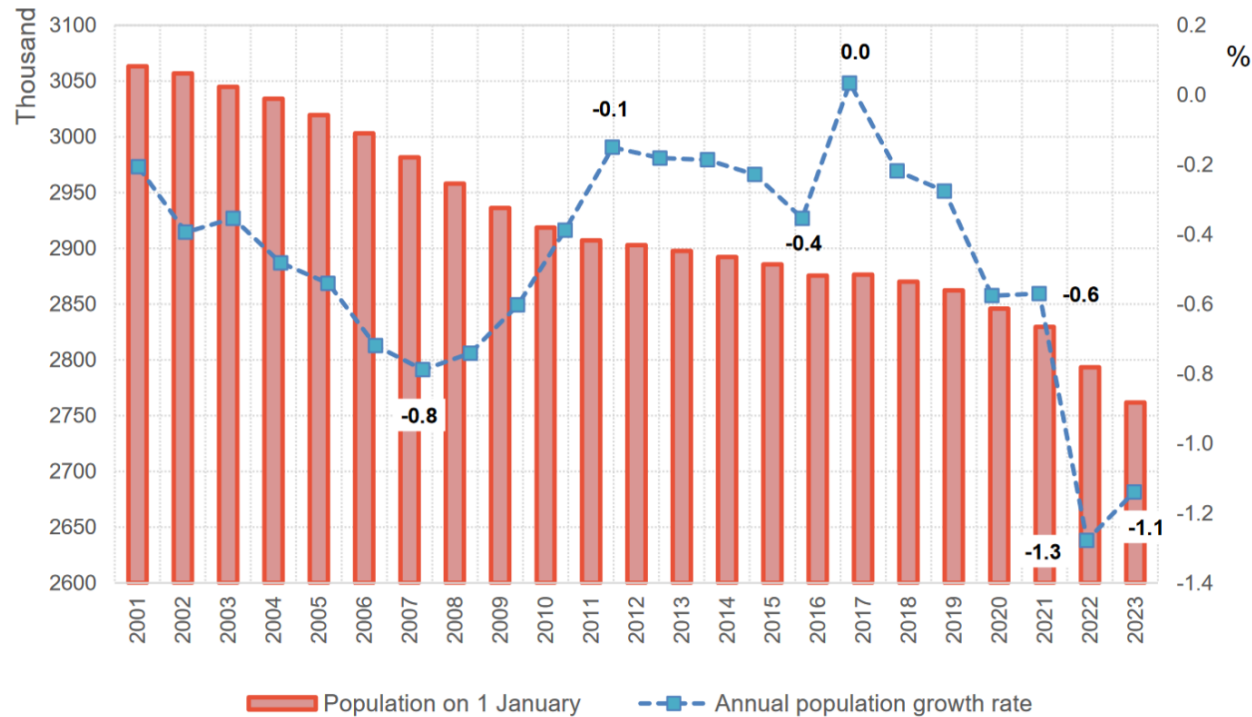
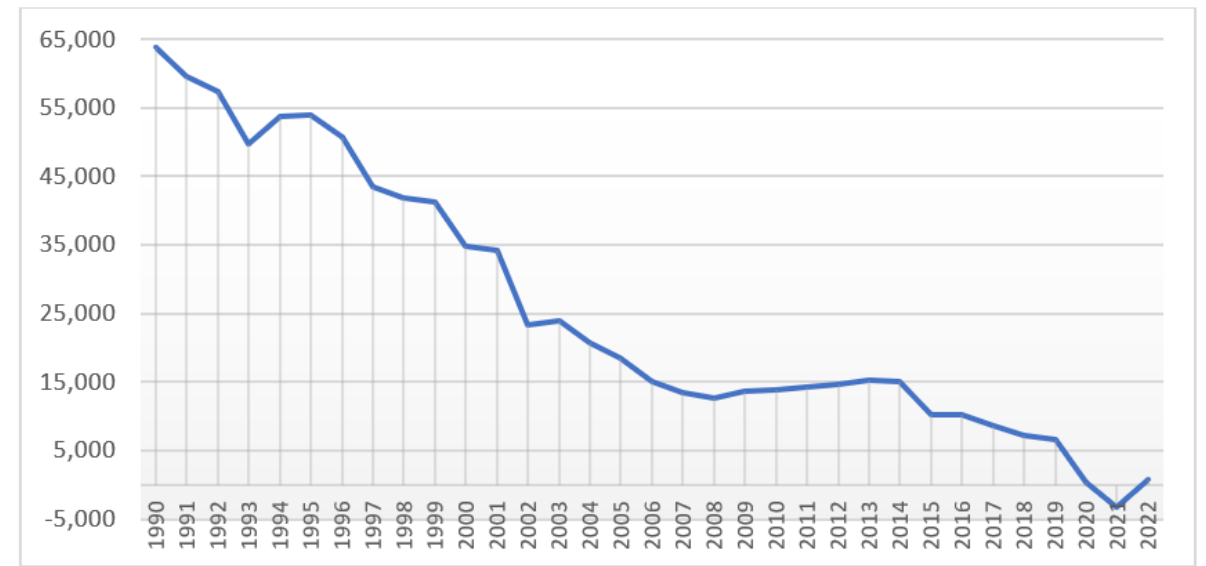


Figure 1.3 Natural increase of population, 1990-2022



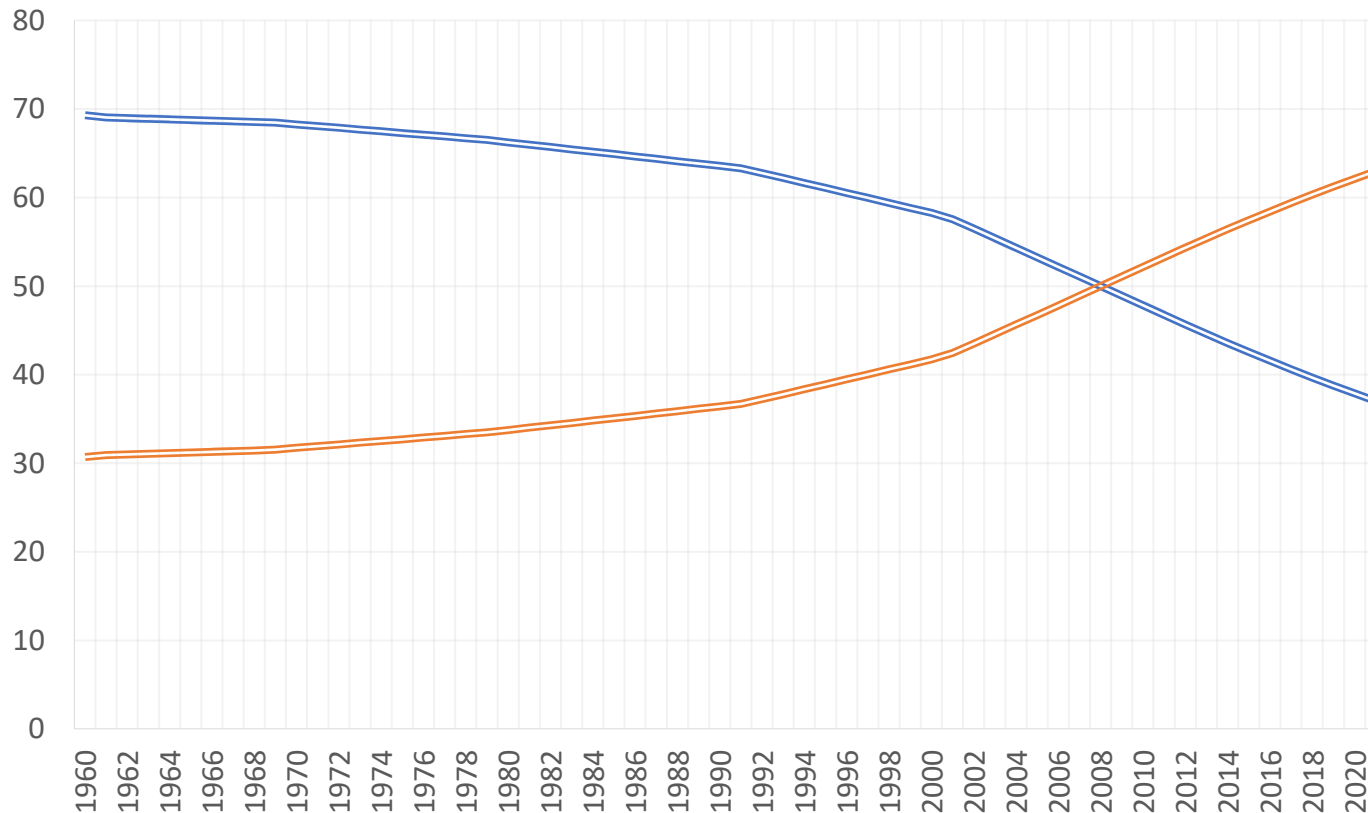
Source: INSTAT (2023)<sup>10</sup>

Strong outmigration + natural growth decline = a shrinking country



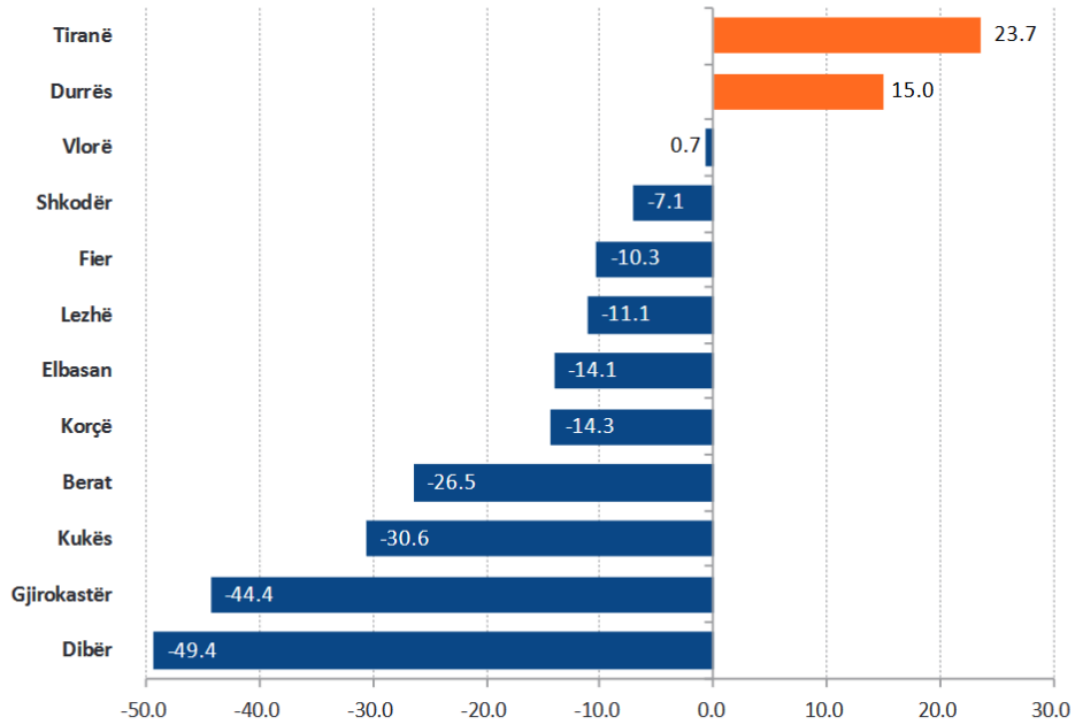
# One of the most rapidly urbanizing countries in Europe – people move to urban areas

— Rural — Urban



# People move to Tirana and Durrës

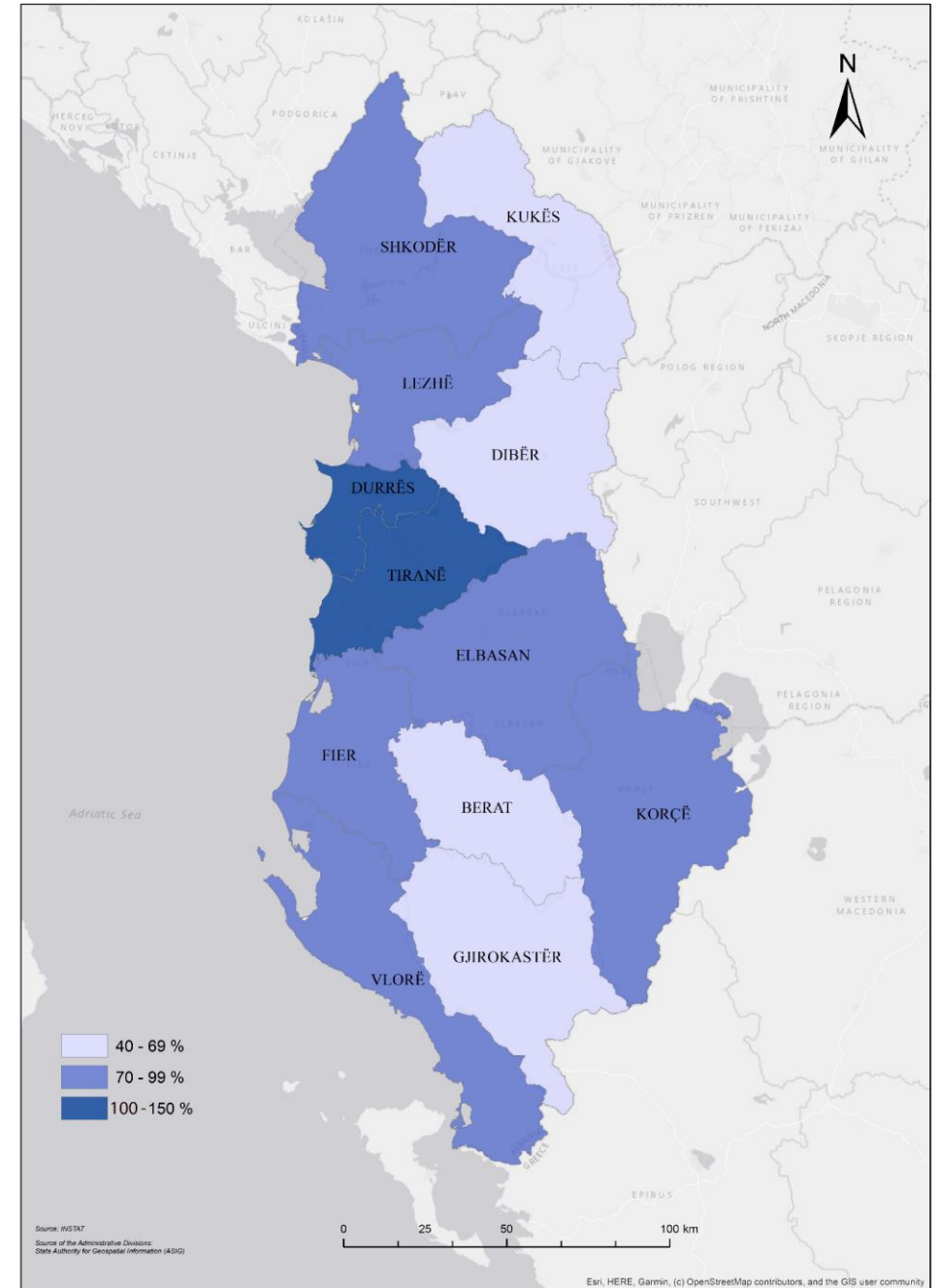
Figure 1.4 Crude net internal migration rate by prefecture, 2021



Source: Annual INSTAT calculations

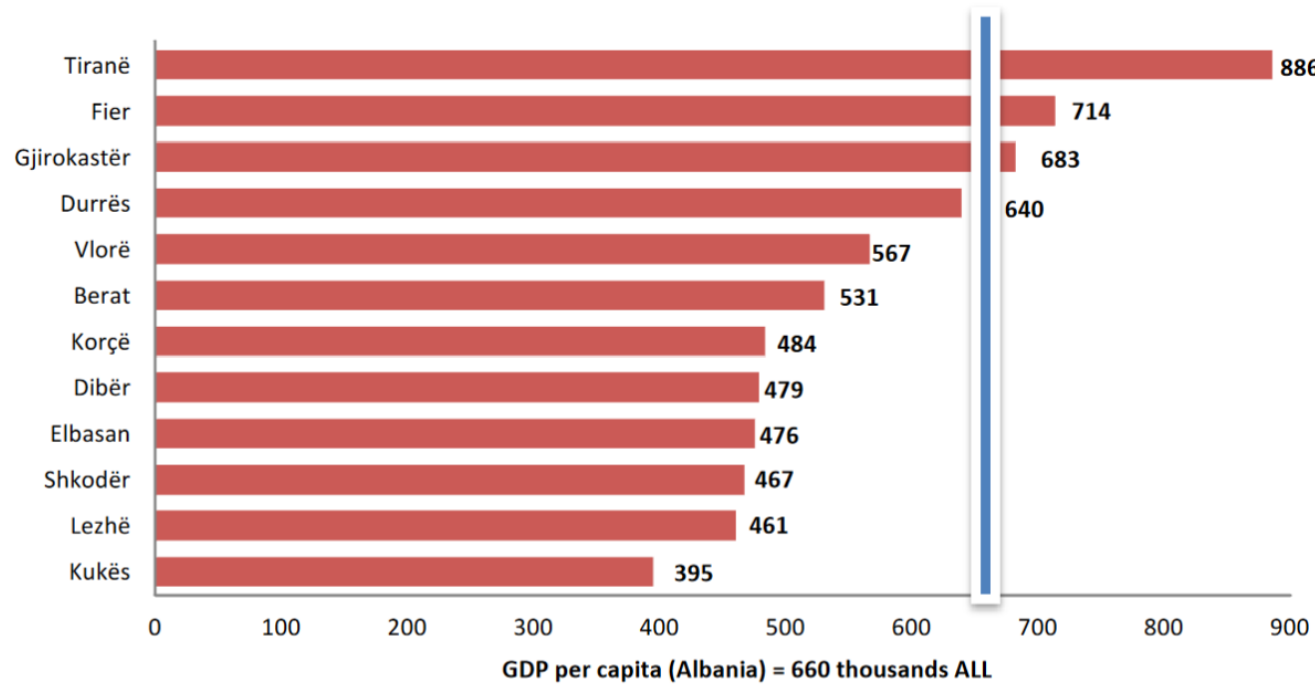
- Nearly half of Albania's population lives in "Durana"
- Implications for housing and urban development
- Vicious cycles of underdevelopment vs congestion

POPULATION CHANGE IN 2001-2022 BY PREFECTURE, ALBANIA

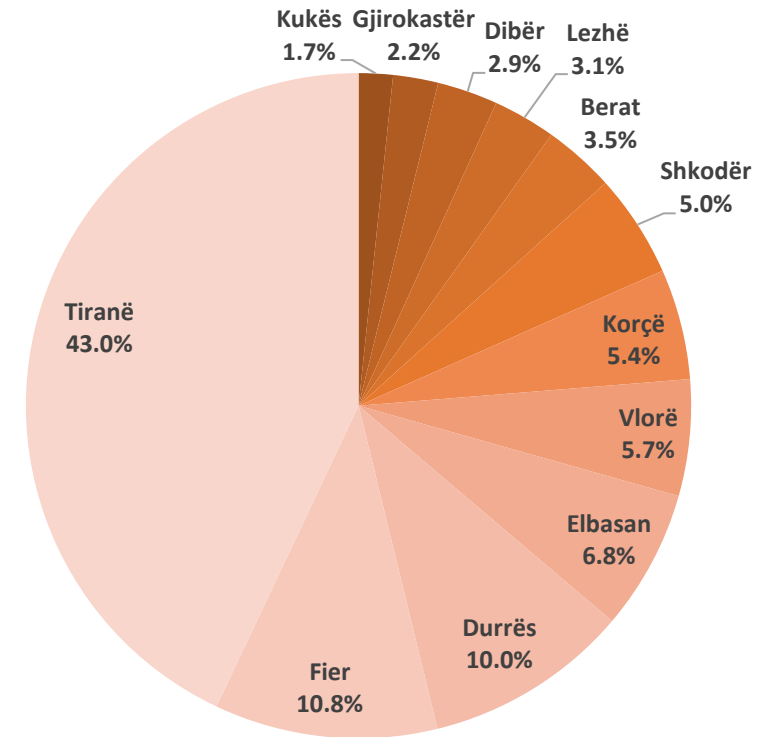


# Monocentric and uneven development

**Fig.2 GDP per Capita by Statistical Region Level 3 in 2021 (000/ALL)**

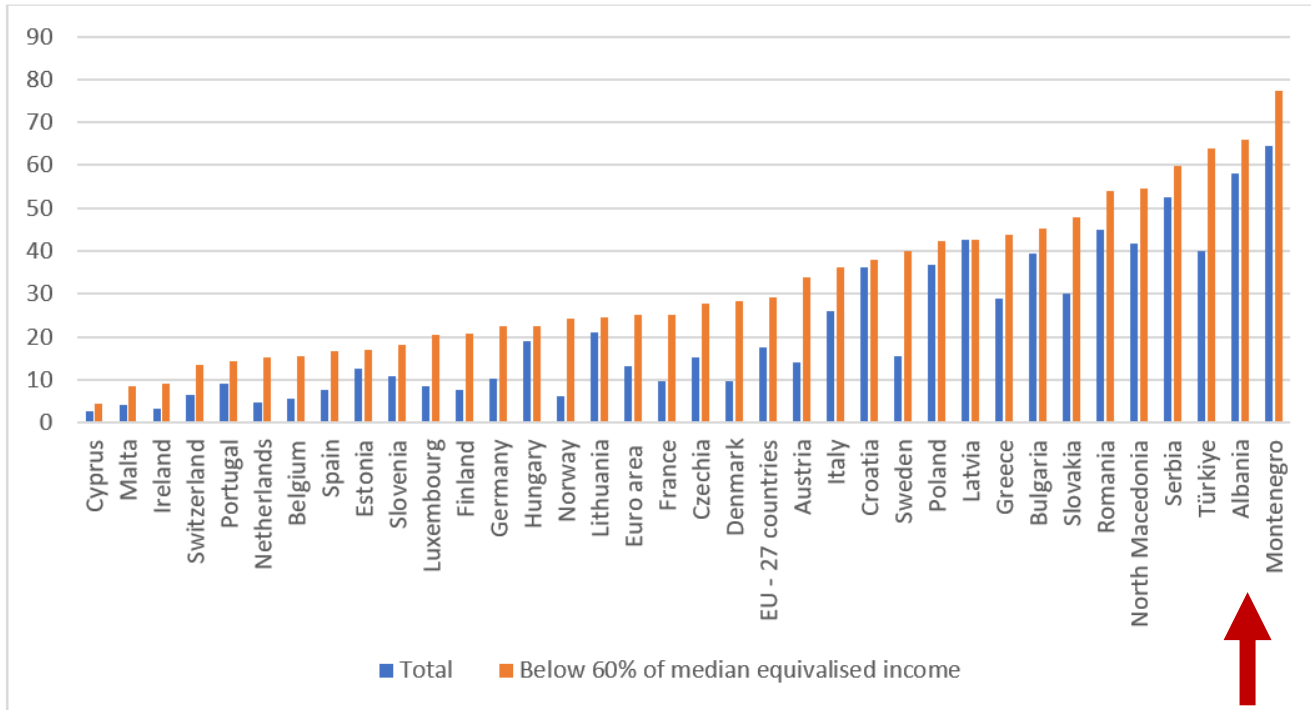


**GDP in current price by prefecture, 2020**



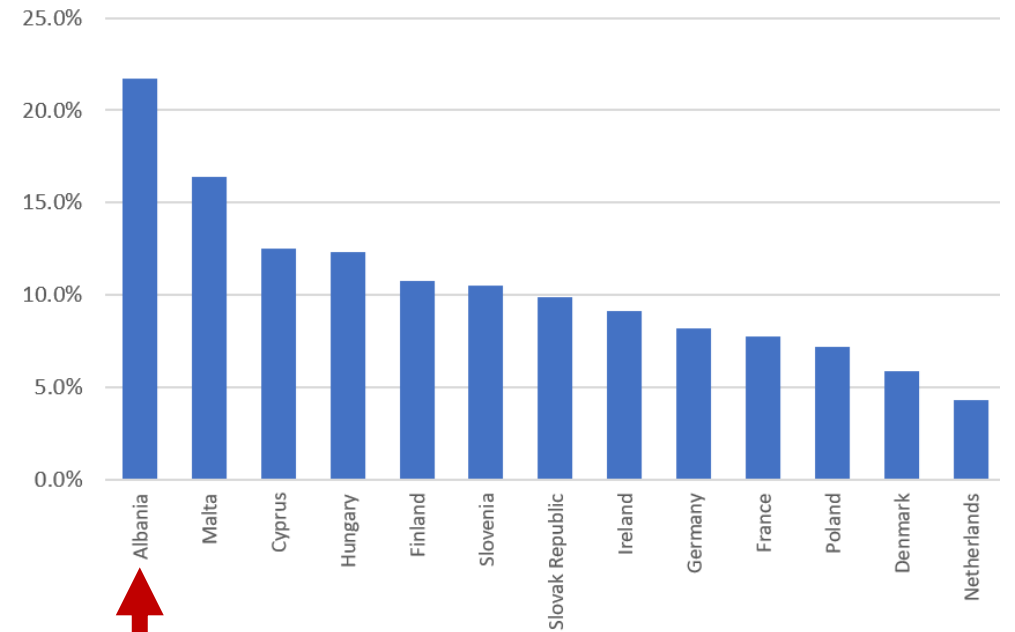
# Overcrowding vs. vacant dwelling

Overcrowding rates, by poverty status, 2020



Source: Eurostat, Statistics on Income and Living Conditions (SILC).

Percentage of vacant dwellings, 2020 (or latest year available)



Source: OECD Affordable Housing Database; INSTAT.

## Strong progress over the past decade

- EU candidate status in 2014
- The EU Acquis Communautaire (NSDI 2007-2013, NSDI II 2015-20, NSDEI 2022-2030)
- 2014-2015 administrative-territorial reform
- The 2016-2025 Social Housing Strategy
- Law 22/2018 on Social Housing
- Law 107/2014 on Territorial Planning and Development
- Law 102/2020 on Regional Development and Cohesion

# Law 22/2018 on Social Housing

- Social housing as a continuum from rental social to low-cost homeownership
- Most popular - affordable homeownership - subsidised mortgage interest rates; downpayment grants
- Earthquake of 2019 -> housing assistance to victims (rent subsidies, free homes, repairs)
- 3% of residential projects over 2,000 sq.m. to municipalities to form rental social housing
- Social rental housing with international donor assistance
- Social rental housing is 0.1% of housing stock

**Number of beneficiaries funded by the central government, 2019-2022**

<i>Subsidy</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Rent subsidy	674	1274	1475	1784
Subsidized loans (interest rate subsidy)	4 300	4 450	5 180	5 421
Downpayment grant for low-cost housing	25	1	10	28
Improvement of living conditions	857	468	381	675
Adaptation of municipal-owned (ex-state-owned) premises for social housing	61	89	54	91
Improvement of infrastructure mainly for informal areas	-	-	-	214
Rent subsidy for families affected by the earthquake (in the emergency declared zones)	-	13 900	13 200	11 300

*Source:* Ministry of Finance and Economy (MoFE).

# National Housing Agency

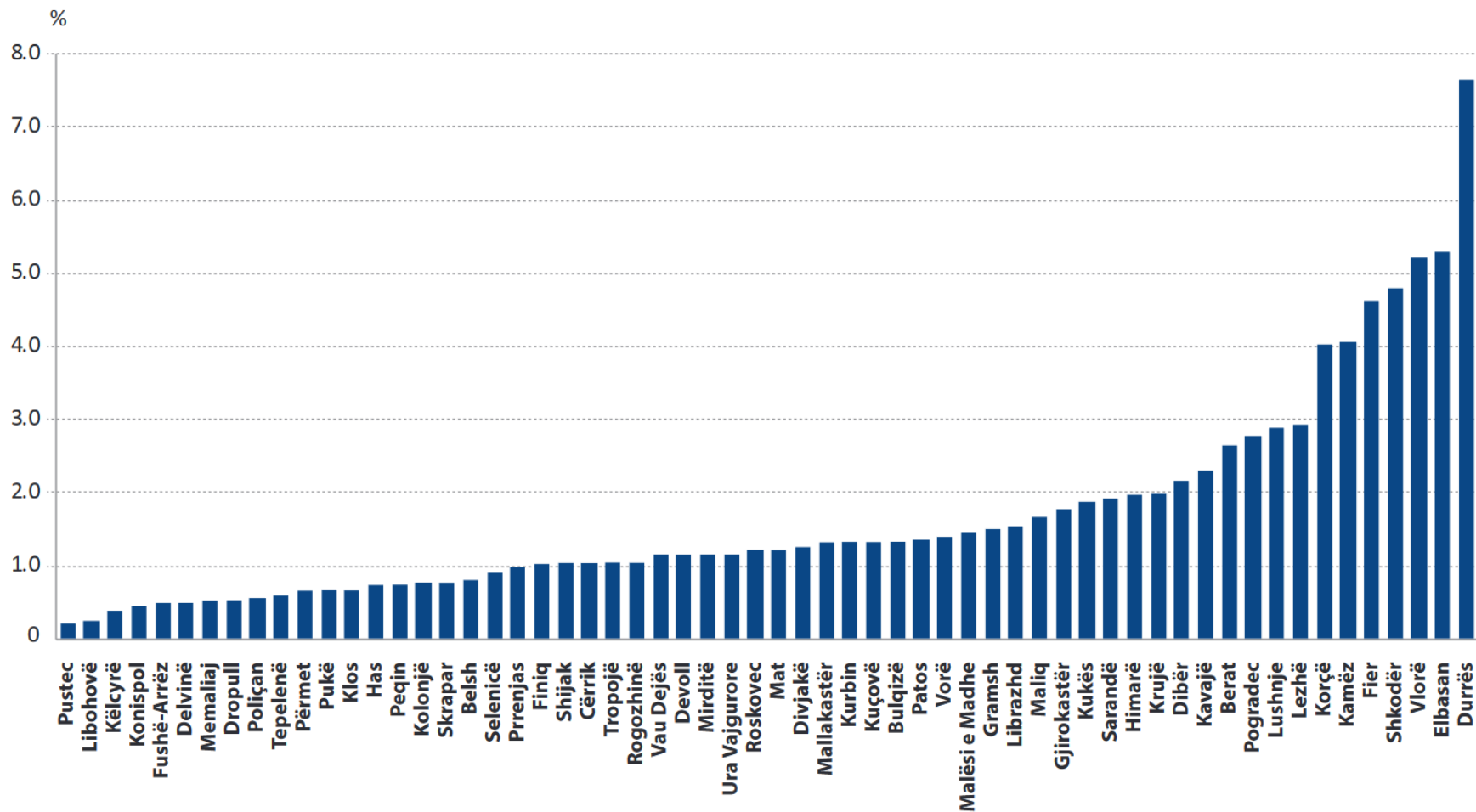
- State owned, self-funded (revolving funds)
- Subsidized mortgage loans and homes sold at cost-level prices
- Beneficiaries selected by municipalities based on income
- In the last 10 years, 821 housing units + by 2023, committed to finalize another 800
- Dependent on municipalities to donate land
- Before 2023 could not receive subsidies from the state -> limited capacity



- NHA-built homes in Kukes
- 2-bedroom apartment was below US\$ 40,000
- 10% downpayment, balance paid in 15 years with a 3% interest

# Housing is responsibility of municipalities But the majority of municipalities are weak

Figure 17.2 Budget size in percentage by municipality (without Tiranë), 2021





## Recommendations – housing

- Concentrate on social, permanently rental housing, introduce a **state housing development fund** as a financial institution of the long-term financing of social rental housing sector.
- Establish incentives and mechanisms for **non-for-profit or public organisations** that run social rental housing.
- Revise the functions of **the National Housing Agency**. Make NHA as the main developer of the public rental housing stock, as well as the manager of that stock on behalf of the municipalities.
- Establish a **national guarantee instrument** and delegate a financial institution to mobilise private finance for affordable homeownership (such as subsidised mortgage loans).
- Introduce **intermediary social rental agencies** to mobilize private housing for social purposes.
- Improve the **condominium management and maintenance system**.
- Establish professional accreditation and training programmes for **the property management providers**.
- Introduce a national programme and financial incentives for **refurbishment and energy efficiency regeneration**.

## Land administration

- Law No. 111/2018 on Cadastre
- Law No. 20/2020 on the Finalisation of Transitional Ownership Processes
- Much improvements on legalising property
- Transparency of property registration and cost involved remains an issue
- Fragmentation of agricultural holdings
- Potential gender discrimination in agricultural land (“head of household”)

## Recommendations – land administration

- Increase **transparency of land registry data** to prevent abuses, systemic inequality, and criminal programs, such as money laundering through real estate.
- Review laws related to property with a view towards identifying and **correcting gender discrimination** with respect to agricultural family.
- Provide adequate resources to **complete land formalization procedures** for informal settlements and prevent future informality.

# Urban and regional development and planning



- General National Spatial Plan (GNP) for 2015-2030 - Shqipëria 2030
- Adoption of local general spatial plans (all municipalities)
- Re-establishment of the development control
- New informal constructions are no longer a main issue
- “Polycentric development” and territorial cohesion become orientations for planning and territorial development
- But little progress in practice (no systematic approach)
- Albanian Development Fund coordinates many projects with respect to urban and regional development and regeneration (donors-dependant)
- Housing is separated from planning and regional development instruments

## Recommendations – planning and regional development

- Ensure that the **provisions for affordable housing are mandatory** in all plans on regional development and cohesion, general territorial plans, and other territorial development instruments.
- Introduce a **national strategy for urban regeneration** supported by a long-term, comprehensive and systematic investment package.
- Introduce **national-level guidance for urban design and placemaking** in order to improve the liveability of settlements and promote green, socially inclusive, and walkable neighbourhoods.
- Introduce planning mechanisms which would identify **high-demand zones** where a mandatory share of affordable housing in each new development project should be provided.
- Strengthen **construction and refurbishment standards**, particularly for energy performance, structural building safety (including earthquake resilience) and for fire safety.

## Cross-cutting issues

- Housing policy is still “residualised” in public policy
- Most strategies in Albania are donor-dependent
- National ministerial landscape is unstable
  - Responsibilities move from one ministry to another
  - Brain drain from the public sector
- Changing government investment priorities
  - E.g. Urban Renaissance programme
  - Do not allow capacities and visions to form lasting strategy
- Data collection and monitoring remains a problem

# Summary recommendations - Elena Szolgayova

- **Strengthen the role of housing policy at the national level.** This could be achieved by establishment of a Parliamentary Committee on urban development and housing.
- **Consolidate the fragmented responsibilities** for housing policy, territorial planning, urban and regional development by bringing them under a single government umbrella.
- Prioritize the development of **social rental housing** in future housing policy. This could be supported by a state housing development fund, the establishment of social rental agencies, as well as incentives for non-for-profit and public organizations that develop and operate social rental housing.
- Revise the role of the **National Housing Agency** to make it the main developer of the social rental housing stock, as well as the manager of that stock on behalf of the municipalities.
- Make **affordable housing a mandatory part** in all new and revised national, regional and local plans on regional development and cohesion and general territorial plans.
- Establish a **national strategy for urbanization and urban regeneration** which would be supported by a long-term, comprehensive and systematic investment package. The strategy should be the mechanism for a more polycentric and sustainable territorial development.
- Ensure the improvements in the **liveability of settlements** and promote green, socially inclusive, and walkable neighbourhoods by introducing a national-level guidance for urban design and placemaking should ensure.
- Regenerate housing stock and address climate change challenges by introducing a national programme and financial incentives for **refurbishment and energy efficiency**.



# Thank you!



Find out more at:

<https://unece.org/housing>

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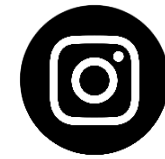
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