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National Technical University of Athens

The Effectiveness of Greek Housing Policy from 1922 until 2012:

Establishing Home Ownership

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Content

- Housing Policies in the period 1920-1950
- The Social Housing Bodies in Greece
- People's housing programs of the Ministry of Welfare (1951-2012)
- Social Housing Organization (OEK) (1954-2012)
- THE FINDINGS OF THE RESEARCH

Geographical Evolution of Modern Greece

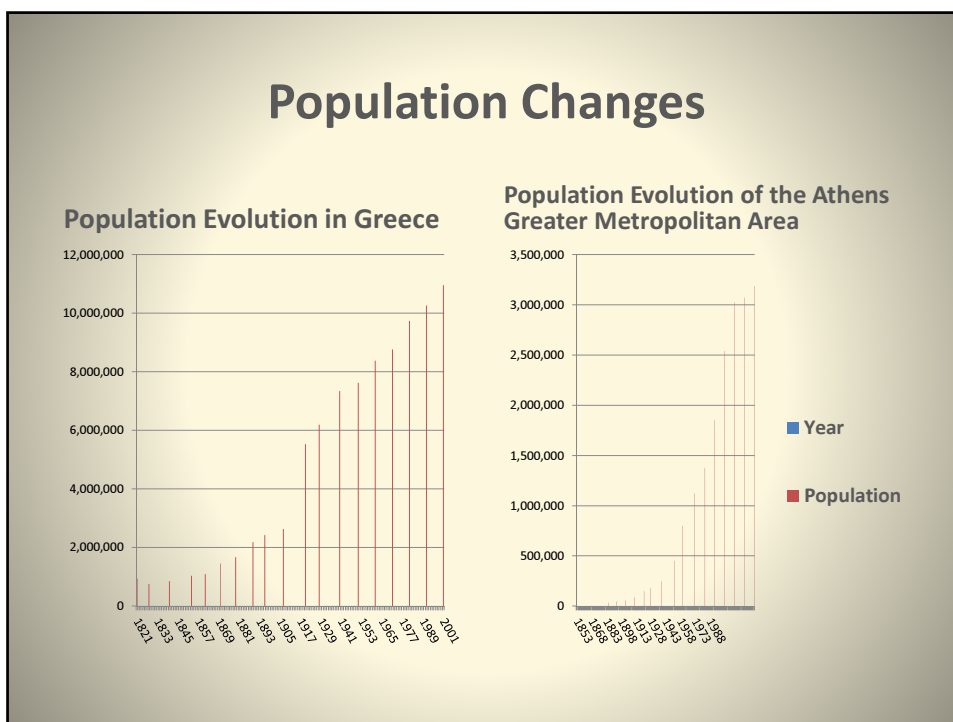
1832	1.500 Greek villages were wiped off the map
1881	>25% of the houses had been destroyed
1913	200.000 houses had to be immediately replaced
1920	

1832-1920: self made informal housing
1920-1950: Increased need for housing

- population influx 4M to 5.4M Greek refugees (Russia, Bulgaria, Asia Minor)-Athens doubled
- natural disasters
- destruction of housing during the World War II

Ad hoc Creation of refugee settlements

- No housing policy
- Lack of legal framework
- Lack of personnel



Urban Settlements of the Refugee



- 27.500 urban residences
- 52.500 rural residences



"Refugee Relief Fund" 1922-1925 (League of Nations loan of 12,300,000 pounds sterling at a rate of 7%)

"Refugee Rehabilitation Committee" 1924-1930 (loan of 3,000,000 pounds with an interest rate of 6%)

The 1920-1930 Housing Policy:

- State produced Nuclei (30 sqm)
- Self-built system
- Rows of 1 or 2 storey houses (for 6 or 12 families per floor)
- Residential complexes ~ 4-storey , no elevator
- Provision of state land parcels & infrastructure (plots, roads, utilities, key public buildings) to the beneficiaries
- Financed by the state,
- Build on state land, by private constructors,
- Delivered to beneficiaries by a deed as a 20-year loan,
- Creating home ownership.
- Creating land ownership
- with or without government financial subsidy
- Self-made construction -nuclei

Informal Development : first generation of informal settlements in the periphery of the cities. 50-years urban regeneration projects (1950-2000)

Housing Agency & Policy 1930-

Responsibility transfer to : **Ministry of Social Welfare** (1930-1980) for Urban Areas

Code of 1928: *every refugee family was entitled to acquire a residence (apartment) in the new urban settlements that were built by the Ministry of Welfare unless they already owned a home somewhere else or had taken ownership of a rural plot.*

price of the new apartment =70% of the cost (land and construction) to be paid off in 15 years (interest-free installments).

Temporary ownership rights were transferred to the beneficiaries once 10% of the price was paid.

Free hold ownership rights were transferred once the total price was paid.

For the first 7 years of the concession, rent, transfer of ownership and registration of a new mortgage were not permitted.

- *“self-built” system* was applied (1949-1953); each family was granted:
building materials of their choice,
a sum of money and
technical assistance.

Adding their own available resources, the owners managed to build bigger and better residences than in the previous “erecting nuclei” policy. This system was developed on a large scale on a national basis.

Materials and money were administered in installments so as to ensure their application to housing and not for other purposes.

Technical assistance was provided by a regional agency composed of a large number of engineers and architects.

- Rural rehabilitation in 1930 was taken over by the **Ministry of Agriculture** who funded 14,000 rural homes while providing financial support for another 64,000 units of housing.

General restoration programs for the new **Post-World War II Greek Refugees from Eastern Europe** (greater Balkan area, Russia & China)



- UN aid
- Ministry of Welfare

Projects undertaken 1955-1969

Social-housing bodies in Greece

Bodies

- Refugee Care Fund 1922-1925
- Refugee Rehabilitation Committee 1924-1930
- **People's Housing Service of the Ministry of Welfare 1930 -2012**
- Officers' Independent Building Organisation 1950-
- **Social Housing Organisation (OEK) 1954-2012**
- Housing Service of the Ministry of Public Works
- Real Estate - Construction company « EKTENEPOL » S.A. a subsidiary of the Mortgage Bank 1973-
- Urban Planning and Housing Public Sector company DEPOS 1976-2010
- Service for the Rehabilitation of Earthquake Victims (SREV) of the Ministry of Transport and Communications
- Center for Planning and Economic Research of the Ministry of Coordination

Financial Institutions

- The **National Mortgage Bank**, the main financier of private sector loans that handled public sector program loans that were provided for self-help housing.
- The **Trust and Loan Fund** and the **Postal Savings Bank** which provided housing loans to permanent public servants who had no home ownership
- The **Agricultural Bank**, which was responsible for the implementation of loan schemes for farmers towards the purchase or construction of a new home or extension, improvement or repair of an old one

The “People’s Housing” Jurisdiction

Beneficiaries :

- Families living under inadequate shelters that did not own any other house and were unable to acquire one.
- Low income families renting a home while the rest of their available income was insufficient to maintain a living.
- Families who resided in existing or new settlements under the management of a state project.

State funding:

- Grant of newly built social housing
- Grant of a housing loan for self-housing
- Grant of building materials
- Tax exemptions and reliefs
- One-off grant for the improvement of an existing situation
- Subsidy towards the payment of a rent or a loan installment
- State guarantee towards a loan for the beneficiary
- Combination of any of the above

Implementation of the Programs

The self-build system

- Lending of the beneficiary for housing under his care (either a purchase of a completed house or a newly built house on his own land or land granted by the ministry), under the provisions of LD 1138/72.

The organized construction system

- The organized construction system was mainly implemented on areas earmarked for slum clearance and the Ministry had land available. Furthermore it was implemented on other cases where it was deemed necessary e.g. for political refugees, Roma people etc.

House distribution per housing density in 1961

	Country total	Urban houses (capital , cities , towns)	Agricultural housing
Less than one person per room	18,4%	19,9%	16,2%
1 – 1,5 persons/room	27,8%	29,5%	25,4%
1,5 – 2 persons/room	14,2%	13,6%	15,1%
2 – 3 persons/room	21,1%	20,0%	22,3%
3 or more persons/room	18,5%	17,0%	21,0%

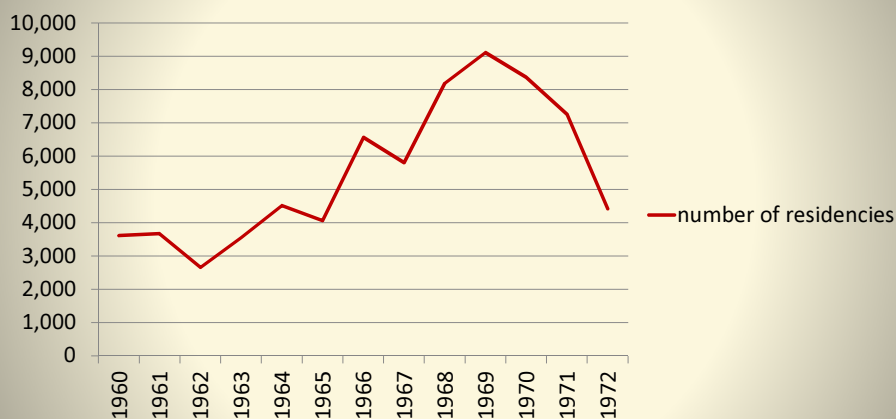
Year	1961	1971
Persons/house	4,10	3,38
Persons/room	1,47	1,19

The 1970's

Needs:

- 12.000 households still living in irregular dwellings. It is worth noting that in 1961 their number was 73.000.
- 42.000 informal homes were built, 25.000 of which were classified as unsuitable.
- 63.000 families, victims of earthquakes and landslides, were waiting for aid.
- 286.000 families (11,3% of the total) lived in a high density situation (> 2 persons per room). The majority of these were in the urban areas.

Progress of the Housing Programs of the Ministry of Social Services (Welfare) from 1960 to 1972



- **71.386** residencies
- **4.986.867.000** drachmas

Social Housing Organization (O.E.K.)

- **Established in 1954** by the Decree 2963/54.
- The funds came from **contributions from workers, employees and their employers**
- The purpose of O.E.K. was *to provide housing to workers and employees associated with an employment relationship, if they or their dependent family members did not own a house or other assets from the liquidation of which they could meet their housing needs.*

O.E.K.'s Jurisdiction

Beneficiaries of the Organization

- All workers or employees associated with private law relationship with their employer
- Employees of legal entities of public law bodies and the wider public sector bodies
- Retirees of the above categories

Criteria to be entitled to housing assistance

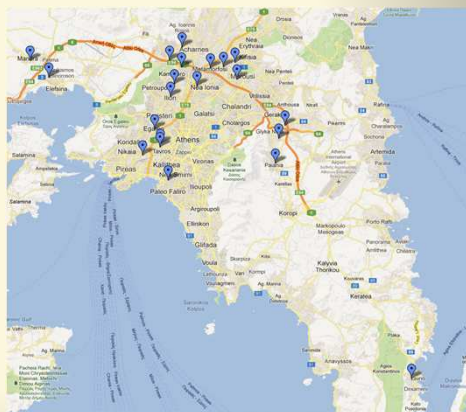
- Not to own a house or other assets capable of covering housing needs
- To have completed a set number of work days, depending on family situation.

Housing through the Building Construction Program of O.E.K.

O.E.K. obtained the land for the projects by the following methods:

- Self-funded acquisition
- Land concession by a public body (i.e. municipalities)
- Forced expropriation
- Project-based contract with other organizations

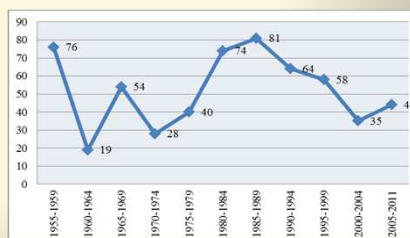
102 Projects in Attica



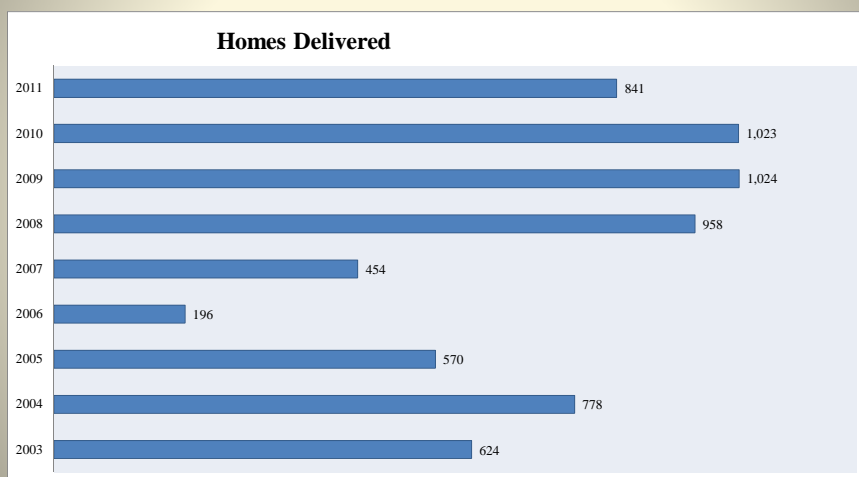
Various Types of Housing programs provided by OEK

- Loans with subsidized interest
- Loans for completion of existing housing
- Loans to repair existing housing
- For large families or with disabled members
- For beneficiaries with severe social needs and for single mothers, involving beneficiaries with a reduced number of wages
- Program for annual rent subsidies
- Housing provided through the Building Construction Program of OEK

5 year plan Project Tendering



Homes delivered 2003-2011



Case study: Solar Village 1989



- 435 residencies
- surface of each 57 – 84 m²

Findings: O.E.K. Mortgage Arrears

Data 1997-today

Years Delayed	Number of Loans
0	34.647
1	4.679
2	1920
3	1192
4	620
5	414
6	400
7	425
8	410
9	443
10	327
11	433
12	407
13	318
14	218
TOTAL	46.853

- **12.206 N.P.L.s**
- **26 % of the total**
- **150 M Euros**

It was common practice OEK's borrowers to neglect their contractual obligations hoping that they will not be asked to repay the loan either in its totality or in part. total of arrears which amounts to € 150.000.000, of which €25.000.000 are unpaid arrear interests

Non-Performing Loans (delay>3 months) amount to 26 % of the total, while the banking sector considers 10% N.P.L.s to be a problem

Findings:

Vacant – **Unallocated Residences**

- selection of the beneficiaries, OEK's policy, non-compliance of the beneficiaries to the economic terms, and the significant delay in the administration of justice from the Judicial system in case of disagreements.
- Although OEK had always a **constant flow of income**, **OEK was abolished** as a Public Entity through articles 1§6 and 2§1 of L. 4046/12, pursuant to the provisions of Chapter E' "Structural Reforms", paragraph 29 of the Memorandum of Economic and Financial Policies and of Chapter 4 "Structural Reforms for Development Strengthening" paragraph 4.1 "Assurance of the rapid adjustment of the labor market and strengthening of the statutes of the labor market" of the Memorandum of Understanding on the Specific Preconditions of Financial Policy.
- However, the research has identified that **the income of OEK is still collected by the government but is unclear where this income is directed to.**