

Unequal impacts of privatisation of housing. Cases of Hanoi and Lusaka ¹

ANN SCHLYTER, Centre for Global Gender Studies, Göteborg University, Sweden
HOAI ANH TRAN, Department of Architecture, Lund University, Sweden, and Architectural Research Institute, Hanoi, Vietnam

Introduction

Since the eighties, public housing has been privatised in many countries all over the world, as part of so called structural adjustment policies, for example in Zambia, or as part of market reforms in planned economies like Vietnam. Arguments for a liberalisation of housing markets through privatisation have been to increase productivity and efficiency in building and maintenance, to extend consumer choice and influence, and also to get away with subsidies. Privatisations have been presented as a key ingredient in decentralisation and democratisation processes, as it decreases governments' control over communities, groups and individuals (Linneman et al. 1994, Whitehead 1993, La Grange 1998, Zhang 1999).

This paper compares the findings of two studies of privatisation in two different contexts, Hanoi in Vietnam and Lusaka in Zambia. Clapham (1995) distinguishes between three main housing systems: the market, the regulating market and the state-controlled. Schlyter (2002) defined a fourth system, a post-colonial housing system, characterised by a small sector of state-controlled housing tied to employment, while the huge majority lived in informal, often sub-standard housing. Vietnam and Zambia clearly had different housing systems, the state controlled and the post-colonial. However, restricting the comparison to publicly owned housing areas there are also many similarities.

The paper starts by comparing aims and procedures for privatisation. Based mainly on qualitative studies conducted before or soon after the processes were concluded, the paper discusses tendencies regarding the social dynamics resulting in changes of social composition and building activities in the privatised areas. Focus is put on the social impacts of the privatisation. When existing homes are transferred to ownership it can be expected to have different impacts on individuals and families depending on class, generation and gender.

It may be seen as a trivial conclusion to say that the same policy has had very different impacts due to different conditions and procedures of implementation, but given that the policy of privatisation has been globally introduced with more or less the same argument everywhere, we find it interesting to look closer at these differences. And in fact, we can also conclude that at a level of generalisations there are also some striking similarities in how privatisation generates new inequalities putting low income tenants, youth and women in a disadvantage.

¹ This paper presents selected findings from two research projects both produced and reported with support from Sida/SAREC. For more detailed information about the projects and their findings consult: Hoai Anh Tran & Elisabeth Dalbom (2004) and Ann Schlyter (2002).

The studies and the studied areas

Both studies are based on in depth interviews with residents in selected residential area. The Hanoi study also includes a survey, and the Lusaka study used court cases and media reports as information on conflicts and discourses. This section shortly presents the history of the selected areas regarding before privatisation regarding allocation, tenure and maintenance.

The Hanoi study

The Hanoi study deals with the privatisation of multi-family residential blocks in Hanoi. In Hanoi 450 such buildings, owned by the government or the city of Hanoi, house a population of approximately 140,000. The blocks were built during the 1960s to 1980s, when housing production, especially in the cities, was under state monopoly. The state (and its institutions) was responsible for the planning, design and construction of these areas. The housing blocks were of monotonous design, and there were few variations in the layout and size of apartments.

These areas were intended exclusively for state employees, allocated on the basis of rank and duration of employment. Housing was together with other everyday life necessities, such as food and clothing provided by the state to its employees as part of their salary; a payment in kinds. People in the private sector were excluded from this system.

Employees were placed in a housing queue and, as the number of apartments produced was never sufficient, the waiting time could be up ten, even fifteen years. The allocation standard was four to five square metres per person. Both male and female employees were entitled to housing allocation and married employees, especially married couples belonging to the same work place, had priority in housing queue. High-ranking officials had priority in the queue and were allocated more living space than low ranking employees. As the housing shortage was acute, it was common that an apartment of about twenty square metres was shared between two households. Since employees of different ranks belonging to one work place were usually placed in the same area, there was a mix of social groups in the areas.

Commento [AS1]:

Tenants could not influence the allocation decision, but were given long-term rights of occupancy and could even leave the right of occupancy to their children. To have an apartment like this indicated obvious financial benefits, as well as a public affirmation of achievement. However, as the apartment blocks became gradually degraded due to mismanagement and neglect, they lost their modern and superior status. Only after the economic reform, privatisation, and the boom of private housing in the 1990s they became a symbol for the failure of socialist housing.

In 2002 a survey was carried out in six different housing areas including 120 tenants and 120 owners and carried out. Eighteen buildings were investigated, and in most of them a situation of mixed ownership prevailed; all tenants had not bought their apartments. In 2003, in-depth interviews were carried out with forty of the households in two of the selected housing areas: Trung Tu, which was in relatively good condition and had better social status, and Quynh Mai, which was more degraded and of lower social status. In Trung Tu four of five residents had bought their apartment, while in Quynh Mai less

than half of the residents were owners. In these interviews, the focus was on the resident's view of being an owner or tenant, how they became owners, the meaning of ownership, the ownership status of the block and their opinions about the care of the building after privatisation.

There are few layout variations depending on when the blocks were built. In older blocks, built during the 1960s, the apartments do not have their own kitchen or toilet. Four to ten one-roomed apartments shared one common kitchen and toilet. In the blocks built in the 1970s and later, the apartments have two rooms, their own kitchenettes and toilets. Most of the blocks from the mid 1970s to mid 1980s were built from prefabricated concrete panels usually planned with the apartments lined along a side corridor. The common standard size of earlier apartment (without own facilities) are 18 – 20 square metres and the standard size of later apartment (with own kitchen and toilet) are 24- 28 square metres. In some areas, such as Trung Tu, upgrading has been carried out by the city by way of adding an additional building body to the original block and thus contributed to increase the size of apartments with 30-32 square metres.

The Lusaka study

In the early times of the colonial towns, African men were seen as guest workers. Their wives were supposed to remain in the village, do the farm work and raise the children. Colonial officers were transferred from place to place and at retirement they settled in Europe. Their residences in the colonies were part of their employment benefits and this came to set a standard also for African employees. Employers were obliged to provide houses for their employees, and they did so on the factory premises or in special workers camps. Rental housing tied to employment was a way of avoiding creation of a permanent African urban population.

The system of male migrant workers was modified so that rental family housing was built as a way of accommodating skilled labour on a more permanent basis, still maintaining the idea of Africans retiring to the rural areas. During the fifties, Lusaka City Council built a huge housing area, Matero, consisting of very small but permanent houses, called married quarters. There were no individual plotting and water and toilet facilities were shared. The houses were let to council employees but also to private companies for them to house their employees. With the building of family houses male workers were allowed to bring their wives and both names were noted in the rental contracts.

The post colonial housing system was not created by a conscious choice of a new housing policy. The housing policies in most African countries after independence show a striking similarity with the colonial housing policies (Potts 1999). What created the new system was the rapid growth of unauthorised housing areas due to the independent governments' reluctance to respond to the needs of rapidly increasing number of rural immigrants. In the year 2000, housing officers at the Lusaka city council estimated that only one fourth of the housing stock belonged to the formal sector.

The formal production of housing by private enterprises was very limited and usually of high standard. In the seventies, the city council built houses of two to three bedrooms on relatively small plots in Libala in the southern part of Lusaka, and the government built some relatively modest three-bedroom houses in Woodlands, one of the most attractive

areas in Lusaka. Interviews conducted in 1999 and 2000 with about thirty residents in these areas and in old Matero provide the empirical basis for the study, together with an analysis of twenty-five court cases involving conflicts about housing in the process of privatisation, and of more than fifty articles in Zambian newspapers.

Tenure forms and security

In Hanoi, although apartments were state owned and could not really be sold, the sale of the 'use-right' was common. This means that the rightful tenants (state employees who obtained their apartments from their work places) sold their right to use the apartment to others. These others could be state employees from some poorer state institutions who were not provided with state housing. It could also be people who worked in the private sector. Before privatisation this kind of transaction was the main factor that brought people from the private sector into these areas, contributing to the diversification of the population structure.

In the 1970s and early 1980s, when this sale was not legal or accepted, those who bought the use-right from the original tenants lived in a constant state of insecurity about their housing, facing the threat of eviction from the local authority. By the end of the 1980s, however, this kind of transaction was widespread and eventually legalised. From this time, tenants could apply to the local authority and to the housing company to sell the use-right to another person. A fee would be paid and the transaction formally approved.

There were, therefore, different categories of tenants in these areas: state employees who obtained their apartment from their own institutions, people who bought the use-right from the original tenants, and tenants who rented second-hand from the original tenants. Both the original tenants, and the tenants who bought the use-right, have long-term right of occupancy and have the right to purchase ownership when apartments are privatised. Tenants who rent second-hand have only short-term rights of occupancy and no rights to purchase.

In Lusaka, civil servants and many other employees in the formal sector were privileged by living in houses rented or owned by their employer. Housing or a housing allowance was part of the employees' remuneration package, thus affecting their wage level. There were few women in the labour force, and the few there were had difficulties in claiming their right to housing. Gradually unmarried women were accepted as heads of their households but discrimination continued against married women. Therefore most registered tenants were male.

Their tenure rights were very strong. The most important differences from ownership rights was restrictions in the right to sub-let and that you had to leave the house at unemployment or at retirement. Tenants were only allowed to sublet if they worked temporarily in another town and if they registered the sub-tenant. During the last decade the council and most governmental agencies had a more tolerant attitude towards the tenants. Retired people remained in the houses, tenure could be transferred to widows, and the control of who actually inhabited the house was weak. By including children's names in the rental contract tenants tried to secure the house for children. The system of tied housing was by the 1990s disintegrating but the situation was insecure and varied depending on different praxis among the public owners.

Maintenance and illegal constructions

In both Lusaka and Hanoi maintenance of the houses was poor. It has been argued that because rents were set low as housing was part of a welfare policy that employees it was too low a level for appropriate maintenance to take place, and as a result very little maintenance works were undertaken during and the areas degraded severely. The rent would certainly not be enough to pay for a proper maintenance of the housing stock, but there was a lack of consciousness and planning from the side of the local authorities. In the process of privatisation many local authorities in Zambia argued that they were deprived of their main source of income – the rent from their housing stock.

In Hanoi, no clear regulations specified how the buildings should be taken care of, and there was no legislation on the rights and duties of tenants. When something needed to be repaired, tenants could report this to the housing authorities, who might take action or not, depending on whether this fitted into their plan and budget. Tenants had no organisation to which they could turn when they had complaints about the housing authorities.

The lack of maintenance has been a major cause of tenants' discontent and the source of many conflicts between tenants and authorities in both cities. Many tenants responded to the neglect of the building by not paying the rent. In Lusaka this was especially common in the old working class areas, such as Matero.

In both cities, the housing authorities had no or weak legal support to deal with violations by tenants. In Hanoi, the authorities had no legal ground even to evict the tenants who did not pay rent for many years, and in Lusaka evictions were difficult of political reasons. But in Lusaka the authorities were hard on violations of rules in form of illegally constructed extensions or outhouses, and did not hesitate to order deconstruction out houses.

In Hanoi, the authorities could not even stop constructions that had the potential to damage the whole block. Despite restrictions regarding changes to the apartments and the use of public space adjacent to the blocks, the level of overcrowding was such that the majority of tenants was defiant of the rules and tried all possible ways to add space to their apartments. Those who lived on the upper floors extended and built in their balconies, and those who lived on the ground floor extended both front and behind their apartments. Tenants could be fined for these illegal constructions, but they were usually tolerated. They added a significant weight load to the blocks and, in many cases; they make the blocks quite dangerous to live in.

Privatisation policies and procedures

This section presents how the privatisation policy was introduced, its official aims and rules regarding eligibility, discounts and legal procedures around the purchases.

Policy aims and procedures

In Vietnam, the sale of state owned housing stock began in 1994. The aims were to terminate the state housing monopoly, to encourage people's investment and engagement in housing renovation and maintenance, and, by the latter, to improve the physical condition of the existing housing stock. Money obtained from the sale of state owned housing was to be reinvested in the production of new housing (to be sold to the people), and in the renovation and upgrading of existing housing (People's Committee of Hanoi 1999).

Privatisation of public housing in Hanoi was carried out in several stages. At first, it was applied experimentally to only a few buildings. From 1998, it began to be implemented on a larger scale, and applied to most state-owned housing stock. The sale was slow during the first years but increased notably after several subsidy policies were introduced. In mid 2004, more than forty per cent of all state owned housing had been privatised. In the studied housing areas, the percentage of sold apartments was higher, more than sixty per cent. Unsold apartments remain in the ownership of the municipal housing authorities. Thus, a situation of mixed tenure occurs in most blocks. In the owning certificate there is no specification about the rights and duties of the owners towards the blocks.

The purchase procedure contained several steps where the residents had to get various kinds of certifications such as residential registration, rental contracts, transaction papers if any, land use right certificate, and to the final steps of acquiring the apartment owning certificate (called the Red Certificate), at different administrative levels from ward to district and municipality. The time taken for this process varied for different wards and different districts, and for different categories of residents. For those who are in good positions and having good contacts, this was a short and smooth process. For others less privileged residents, and especially for those who had bought use right long time ago and did not have proper transaction paper, the process could take several months.

In Zambia, the policy to sell Council and Government houses had been discussed for a long time, but during the Kaunda regime no reform was made (Peat Marwick McLintock 1988 a & b). For the opposition party, Movement for Multi-party Democracy, MMD, housing played a significant role in campaigning before elections. Nothing was said about privatisation, but the performance of the sitting government in the field of housing was heavily criticised. After its landslide victory in the 1991 election the, MMD, made nothing in the field of housing until a draft housing policy and a housing development programme were presented five years later (MLGH 1996 a and b). After a thorough analysis the draft argued for home ownership, removal of rent control, and withdrawal of tied housing, but it did not explicitly include privatisation of public housing.

The policy was adopted but the draft housing development programme which outlined the implementation which emphasised the mobilisation of people's own resources was never approved. Instead, suddenly and without previous circulation and discussion the privatisation of all council and most governmental housing was ordered by presidential decrees, and a Presidential Housing Initiative (PHI) was launched. The president declared that the aim was to empower the people with ownership, and by selling houses to market value funds would be generated to build new houses.

Local governments opposed the policy of selling houses. The revenue from houses was an asset which financed much of their activities. They questioned the legality of the procedures. But in an additional circular letter they were ordered to sale of houses

according to a special procedure which complied with the Local Government Act of 1991 (MLGH 1996 c).

A buyer who had paid the price of a house after discount and a small transfer fee of K10.000 was supposed to get the title deeds within thirty days. However, in the housing areas owned by the Council individual plots were not surveyed, and that had to be done before titles could be issued. In 1999 most council houses in Lusaka were sold, but few purchases were completed. Most often the fault was on the side of the Survey or Deeds departments which did not have the capacity to meet the massive demand.

The President claimed that council incomes would not be affected, as the new house owners would pay a service fee in size similar in size to the rent they had paid before. However, as the title deeds were not processed many new owners did not pay the rate. I was told that also many tenants stopped paying rent. They argued that if commercial rent was to be introduced they were going to accumulate arrears and be evicted anyhow.

Eligibility criteria

Apartments in Hanoi were sold individually to the tenants. Both original tenants and those who bought the use-right were allowed to purchase the apartment, providing that they have permanent resident registration (*ho khau*) and required papers. Original tenants needed to have allocation papers or contracts. Those who have bought the use right needed to be registered in Hanoi, and have legitimate transaction papers. Even tenants who have another housing elsewhere are eligible to purchase (more about this in the discount part below).

However, tenants had to settle any debts they had with the housing authorities before the purchase. This proved to be a problem for many. It was a rather common practice that when tenants were discontent with the housing authorities, and many were, they protested by not paying the rent. Many did this when there were something wrong with the building, such as when the roof was leaking and the tenants reported to the housing authority and the later did not do anything. In order to purchase their apartments, these tenants had to pay back the accumulated rent for maybe five to eight years, which amounted to a lot of money, in some cases, as much as the sale price of the apartment. This was one of the reasons why many tenants could not buy. Some thought this was unfair and refused to pay.

In Hanoi, as both male and female governmental staffs got state housing allocation, there were both female and male who hold tenant contracts. Within a household, the one who obtained the apartment from his or her work was usually the contract holder, whose name stood first in the tenant contract, followed by their spouse's name and children. Since high-ranking governmental staffs were given priority in the housing queue, and the large group of these are male, one can find a larger group of male among those who hold rental contracts. Quite often, but not always, the one who hold rental contract are considered as household's head. As such there were quite many female "head of households", though the percentage of male household's heads was higher.

In Lusaka, letters were sent from the City Council to the residents offering them to purchase their houses. They were asked to come to the respective office and bring their national registration card, their tenants card (which had both husband's and wife's name

on it), and their payment card (showing their payment of rent). Non-citizens were not eligible to purchase.

In the cases of legal sub-letting the offer was given to the primary tenant, as the sub-tenant only had a temporary contract. If the house was illegally sub-let the tenant lost his/her right to the house and the sub-tenant had a chance to win if he/she claimed the house. The City Council did not check who was living in each individual house, although evaluation officers were inspecting each property. Thus, sub-tenants had to come forward themselves and claim their right. However, not many did so. They knew they had been living in these houses illegally. For years they had tried to keep away from council officers, and few trusted that their illegal behaviour had rendered them rights. Their lack of trust seemed to have some basis as local housing officers argued that the council remained in its full right to evict illegal tenants.

In both countries the eligibility criteria were gender-neutral. In Hanoi almost half of the apartments had a woman as the contract holder of the rental contract; the apartment had been allocated through her work. In Lusaka the huge majority of contract holders were men; only during a few years before privatisation, women had been eligible to staff housing in their own name. Nevertheless, since colonial time and the letting of “married quarters” the wives name had been within the rental contract.

Policy of discounts

Privatisation of state owned apartments in Hanoi involved a high level of subsidy. Firstly, prices were set at only a tenth of the use-right price paid for apartments. The prices were set at between a third and half of the construction cost, including depreciation. Apartments in upper floors cost less than those on the lower floors. In general, the apartments cost between about one third and a half of a year’s income of a young state employee, and about 70 to 100 times lower than market (at 2004). This price applied to all tenants of state housing, both original tenants and those who bought use-rights, many of whom worked in the private sector.

There were several other forms of subsidies directed to state employees and senior people with many contributions in the wars. These can be in the form of discounts or waive of the price of land use rights, discount of the price of apartments. All government employees were entitled to a discount according to the number of years spent in state employment or military service. For a household with several family members working for the government, the discount for the household was the sum of the individual discounts, providing that this did not exceed the price of the apartment itself. Governmental employees who had war medals got further discounts of the apartment price and waive of the land use price. Senior citizens who joined the revolution before 1945 were exempt from payment. Furthermore, they were entitled to a substantial subsidy in cash order to improve their living conditions.

This discount policy applied to all current tenants, even those who had another house elsewhere, many of these did not live in the area and rent out their apartments second hand. In most cases, these were higher rank cadres or people with capital who could afford to buy a piece of land to build their own house. (In the beginning of the 90s when the state realised that they could no longer build and provide apartments for its

employees, there were the allocation of plots to work places to be distributed to qualified employees, who did not get housing allocation.

In Lusaka, in principle, the market value was assessed for each individual property. But in practice, contrary to the presidential circular, the price before reductions was not set to strictly follow the market value. The argument was that a price set according to the quality of maintenance of the house would punish the tenants who had taken good care of the houses. Tenants who had made major repair works and extensions and paid from their own pocket would not be asked to pay for it a second time, while those who had destroyed the rented property got the favour of a lower price on their purchase. Therefore the age and attraction of the housing area became more influential on the price than the individual quality of the houses.

The original aim of selling the houses to market value was grossly modified. In accordance with the discount, specified in a second circular letter, low cost houses built in the 1980s were sold with a discount of twenty per cent, in the seventies of thirty per cent, and in the sixties of forty per cent. Purchases of houses built before 1959, like in the huge housing area of Matero, were given away for nothing regardless of a high market value of the land. However, most houses were in rent arrears. The Council had not actively tried to collect rent, but the arrears had to be paid if the rent contract was transferred to another owner. In line with this praxis, although violating the presidential circular letter, the Council demanded payment of arrears before a purchase was completed.

The medium cost council houses in Lilanda were given discounts ranging from five to fifty percent depending on the age of the house. On top of these discounts, tenants who had a good record of regular rent paying got another twenty percent discount. If they paid cash they got still another twenty per cent, and if they could pay the house cash within sixty days from the offer an additional twenty per cent discount was given. As a result many of the high and medium cost houses were given away more or less for free or sold for a symbolic sum.

If a tenant who had signed for a house failed to pay within eighteen months, the original intention was that the house was to be reclaimed and the money so far paid was to be credited to the tenant's rent account, but to put the many residents, who had not paid in full, on commercial rent was politically difficult. If enforced it would lead to many evictions. The privatisation policy was supposed to attract voters not raise protests. Therefore, several subsequent grace periods were given.

The procedures for sale of government houses followed similar rules as those for council houses. Praxis in the implementation could vary somewhat. The government houses in Lusaka were often of better quality than the council ones. The valuation officers consequently gave them a higher value. The discount offered to the sitting tenants were also calculated so that the price to be paid depended on how many years the tenant had been serving in government. Deduction was made in the price with two per cent per year in service.

Many residents in the governmental housing areas were close to retirement age. If they had served for twenty-five years the price of the house was cut to half. The monthly payments were deducted from the wages of the employees. If the house was not paid at

the age of retirement the civil servants were granted a benefit at retirement which usually would be enough for a final down payment.

Complications in the procedures

In both countries the privatisation reform was introduced without discussion in democratic organs and in Zambia there was also a devastating lack of planning of procedures. In Matero and other old council areas no individual plotting had been made, and without individual plots deeds could not be issued. The country had not capacity to meet the demand of surveying and individuals who paid for their plot did not get the final confirmation of the purchase. Also in areas where plotting had been made, people had to wait long for a deeds, if not hiring a private lawyer to help.

People with money were able to pay a surveyor for plotting and a lawyer to speed up the issuing of deeds. People without money were left with the insecurity of not having completed the purchase, and many were afraid that a change in policy would come about, possibly even before a change of government.

In Hanoi the task to inform tenants about the sale procedures and eligibilities rested at both the local administrative units as well as at the local housing authorities at the ward levels. As elsewhere in the administrative system, lack of transparency was common and information was often incomplete or even conflictings. Those tenants with better contacts usually got all needed information while others, especially elderly people without good contacts, and use-right tenants outside the state sector, did not get a clear picture about the processes and about their rights. The process was made more complicated due to changes of directives in the administrative procedues and of various additional decrees on discounts, for example, discounts and waive of land use price for senior revolutionaries, and people who got war medals of different levels.

Inconsistency of development plan for the housing areas was another factor affecting the sale procedures and created confusion and discontent among the residents. The early 1990s privatisation decree states that housing that were in too poor conditions should be upgraded before selling. However, there was no clear definition of what was "too poor conditions" so different district authorities had their own interpretations. More over, the local authorities did not have money to do any upgrading. The result was that some housing areas were announced for sale for a year or two, then the sale was stopped when it was decided that the areas were of too poor condition. There were no clear explanations that followed these different decisions, so the residents were confused and suspectful. Those who applied early became owners while others in the same categories were not allowed to buy. The remaining tenants felt that they were unjustly treated, and worried that they would get poorer terms of compensation when the area is being redeveloped.

Following privatisation in Hanoi, problems of management occured. Privatisation marked the withdrawal of the government in the care of the housing areas and buildings, but responsibility was not transfered to a new owner. The buyers only bought their appartment; there was no joint ownership of common areas and structures. No rules and regulations had been provided about how the blocks and the areas should be taken cared of, or what were the respective duties and responsibilities of the housing authorities, the new owners and the remaining tenants. This lack of legal frame work in a situation of

mix ownership created a situation of confusion and chaos and lead to a total neglect of the common elements of the blocks and further degradation of the housing areas.

Market dynamics and its social consequences

Privatisation is a reform of transformation into a market economy. Many studies of privatisation have concentrated on how markets have emerged and to what effects. Often privatisation of housing has lead to processes of segregation resulting either in gentrification, whereby low income people are removed from privatised neighbourhoods to less attractive areas, or in 'residualisation', by which only low income tenants stay in the remaining public housing areas. (Linneman et al. 1994, Stanovnik 1994, Jaffe et al. 1995, Whitehead 1993, Zhang 1999, Lee 2000, Logan et. al. 1999, Zhou et. al. 1996, Clapham 1995, Stanovnik 1994). An increase in real estate speculation, benefiting big investors and affluent owners has also been noted, for example in Hong Kong. (Chan 2000).

These processes are clearly at work both in Hanoi and in Lusaka, but in different and contradictory ways. This section will analyse emerging market dynamics and the effects in the studied housing areas in terms of social composition and quality of the housing stock.

Segregation and residualisation

In Hanoi privatisation contributed to enhance residential mobility. With no tax imposed on resale, and no requirements about the duration of stay after purchase, privatisation encouraged resale and speculation of apartments. Residential mobility was higher in poorer areas than in better off areas. A process of residualisation could be seen to begin, when better off residents move to better housing and left the old and degraded areas to poorer residents.

Before privatisation, there already existed inequality between the housing areas depending on if the appartments were provided by a better-off and more powerful work place or by a poorer work place, which provided housing in poor condition. Privatisation can be said to have contributed to strengthen the existing inequality between areas, and lead to a process of segregation.

Gentrification and densification

The privatisation started mobility among the residents also in Lusaka. The threat of reclaiming the property if payment deadlines were not met accelerated the sale of houses from former tenants to from outside coming buyers. A former tenant without money to pay arrears and buy his or her house had the option to remain a tenant and pay a rent at commercial level, but many found a better option in selling the house for a price which covered the official purchase price and all arrears, and in addition give a good profit.

Some of the sitting tenants sold their houses to buy cheaper ones in other housing areas. More commonly they struggled to buy the house in order to let, while moving to a rented room in a cheaper area. Many owners became petty landlords by mobilising family resources to extend their houses, and then let all or most of it to renters. Thus, it is likely that an increasing majority of the inhabitants will be tenants or lodgers. The house owners will charge economic market rent and areas like Woodlands will experience a gentrification in form of a change towards more prosperous inhabitants, whether owners or renters. In Woodlands gentrification process is definitely in work as many houses there are extended into luxury one family houses. In the middle class area of Lilanda some houses were let or sold to prosperous people who used it for own residence, but many of the houses were extended and divided let to several families of modest income living in one room each. Consequently, there are contradictory processes – gentrification in part of the housing stock while the other part it turned into tenement housing and subjected to a downward social mobility. The processes in the old working class area of Matero are similar to those in Lilanda, although income level of both owner and renters were lower than in Lilanda. Both areas experienced a rapid densification both in terms of residents and in rooms per plot.

Building activities and quality of living

One of the goals of privatisation in Hanoi was to contribute to improve the quality of the housing stock. This goal is only partly fulfilled. At the level of the individual apartments, privatisation did initiate some upgrading activities. At the level of the blocks, privatisation has led to further degradation. Common elements, such as staircases, ceilings and communication areas, are even more neglected after privatisation due to the unclear ownership and lack of regulations. If this situation persists, the blocks would get seriously damaged and become dangerous to live in.

According to privatisation aims, money obtained from the sale would go to upgrading of the old housing areas, this was however not the case. Money obtained partly went to housing administration and partly went to support the construction of some new housing areas.

In some better off areas in Hanoi, privatisation had pushed forward an upgrading scheme for the whole block, though this was not funded by the money obtained from the sale. Instead, the financing of the upgrading was based on mutual partnership between the construction company, who got some support from the municipality in terms of waive or relax of tax, and the residents. A usual method was the construction of an annexing building body to the original building (the short side) and by this increased the living space of all apartments. In this respect, privatisation could be said to have contributed to improve the quality of living in some blocks and areas. However, since the residents had to pay for the construction cost by themselves, this kind of upgrading had only been carried out in better off areas where the building structures were deemed adequate and where the majority of residents were owners who could afford the costs. In the poorer areas, no upgrading had been carried out.

In two housing areas, redevelopment experiments had been carried out in which one or two blocks were demolished and a replaced by new high-rises. Apartments in these buildings were to be sold to the tenants. These new high-rises were designed with larger apartments, thus could be said to be of better quality. However, they did not benefit all

original tenants. Those who could not pay the redevelopment cost and the higher running cost after redevelopment were forced to move to other areas.

In Lusaka, there was a widespread public opinion among the non-benefactors that privatisation did not create more housing. It was true, if considering only the few houses that were built from funds raised by the public sale, which had been promised in the Presidential Initiative. But it is wrong if all the planned extensions for renters are considered. A result of privatisation has been multi-habitation that is when many families live in a plot originally “intended” for one family (Schlyter 2003). The great number of extensions implies a far going densification of the residential areas both in terms of the ratio of built and free land, but also in terms of inhabitants.

The quality of living in multi-habitation is characterised by over-crowding, lack of space and privacy, too many sharing facilities such as toilets. In addition, the renters have no security of tenure what so ever. They can be evicted by the owner with no notice. The ideal of home ownership, as pictured in the political rhetoric, will probably be a rather rare situation reserved for the better off population.

Beneficiaries and groups in disadvantage

The issue of whether or not home ownership equals empowerment, and the impact of this process on social equality, is taken up by many studies. Some argue that owners are empowered, while tenants are disempowered through processes of social exclusion (Gurney 1999). According to King (1996) the emphasis on home ownership is a source of inequality, since it gives owners more freedom and opportunities while imposing limitations on tenants, who are treated as not being capable of taking responsibility for their dwellings.

Studies on privatisation in China (Lee 2000, 2002, Zhao and Bourassa, 2003) found that housing reform and privatisation created opportunities and benefits for those who were better located on the social ladder under the old regime. This meant that the urban masses at the bottom of the work hierarchy, and those with a less favourable set of hierarchical relationships, were left to live in poor conditions. Lee argues that this system favours the protection of existing distributional benefits, while victimising those who have only recently joined the work force. Zhao et al. point out that when privatisation reinforces instead of removes the role of the work units in housing provision, it leads to the increase of horizontal inequity between powerful and poorer work units, and further worsens housing inequity among employees. Chan (2000) argues that the privatisation in Hong Kong contributed to widening the gap between rich and poor, between owners and non-owners, men and women, and between residents of different generations. This section presents evidence of tendencies to similar effects of privatisation in Hanoi and Lusaka.

Class, income, employment status

In the first place, privatisation in Hanoi benefited people with the “right” employment: governmental staffs. While the policy did benefit many low-income governmental staffs,

(especially retired employees with low pensions), a large group of its beneficiaries was rather well-off governmental staffs, often in high ranking positions, that already have relatively high living standard. The work places were crucial for gaining benefits. Those who belonged to strong work places had been allocated better quality housing. They benefited more from the policy of subsidies and the increasing market value of the privatised apartment. Those who belong to weaker work places got state housing of poorer quality, or did not get state housing at all, thus had to buy “use-right”. Those living in areas of too poor conditions where the apartments were not allowed to be sold were excluded from all benefits of privatisation subvention.

Privatisation in Hanoi especially benefited people with the right background and status, in this case, senior citizens who participated in the revolution before 1945. Since many of these were also high ranking governmental officials, this group with highest social status was the ones that were most benefited. People who had houses elsewhere were not slow to sell their apartments at market price and thus got a hug profit from the sale. On the contrary, young households in the state sector and poor and low income households in the private sector were excluded of all benefits. There were several female headed households where one mother had to support many children in this group. One can say that privatisation created opportunities for the better off to make profit and ignored the poor and the needed.

Also in Lusaka the privatised houses had been tied to employment. There, housing for high ranked governmental officers and the more ordinary staff had been effectively segregated from the beginning, and the affluent areas with luxury houses were not included in the study. Many of the middle rank public officers in the three bedroom houses in Woodlands had seen their previous privileged position undermined by the structural adjustment policy, but in the privatisation reform they were those who benefited most.

Both in Hanoi and Lusaka, privatisation benefited people who had a good income. In Hanoi this group included people with middle or large business in the private sector, in Lusaka it was business people or educated employees who from some reason had not benefited from staff housing before. In Hanoi, they bought the use right from the original tenants, and became entitled to buy the apartments at the subsidised low price, which they had no difficulty to pay. In Lusaka they bought houses of tenants who could not pay the price for the house. Even if the tenants also got a profit the price was generally low.

Empowered owners and disempowered tenants

Privatisation leads to a marked discrepancy and inequality between a strong group of owners and a weaker group of tenants. Among those who were supported to become owners, it is mainly retired people with meagre salaries that remain in these areas. Those who have work and a relatively good income were not slow to sell the apartment and buy a better dwelling elsewhere. Those state employees that remain in the tenant group are usually new comers in these areas, and therefore not yet registered and equipped with appropriate papers required for purchase. There are also some state employees of poorer households who could not afford even the subsidised price.

For people in the private sector, those who remain tenants are usually those who belong to the lower income groups who find the purchase beyond their reach. Many of these

engaged in small family businesses (noodle restaurants or tea shops) or in services (such as barbers or motorbike guards).

In Zambia the reform aimed, according to the President, to empower the people. Certainly, the sitting, eligible, and male tenants were empowered, many of them using the house as an income-generating asset. But the rest of the population felt disempowered. The production of housing that the reform generated was in rented rooms in private houses, leaving the renter totally disempowered and in the hands of the landlord. As could be expected, young civil servants, who had to find rented rooms instead of getting staff houses, were bitter, and the common renters concluded that the Government was not thinking about them.

Gender and generations in the city

Beneficiaries of privatisation were both in Hanoi and Lusaka often senior people. Senior state officials in Vietnam, and senior citizens who joined the revolution before 1945, who kept high or middle-high positions in the government hierarchy, well situated both financially and socially; they obtained the most subsidies and gained the most from the privatisation policy. In Lusaka many of the residents were close to retirement. Without the privatisation reform they would have had to leave the staff house. Now they used the retirement benefit to buy the house, some in order to remain living in it, others to move to a rented room and let the house to tenants. They benefited from the house as a source of income.

One group of elderly who did not benefit in Lusaka was the non-Zambian citizens, quite a large group in the poor council areas in Lusaka. Many poor families had lived their whole working life in Zambia for decades, but were not eligible to buy the houses they had occupied for decades. Some of them managed to transfer their rental contract to their children who were citizens. This way, old people were made dependent on their children. There were cases of sons who sold the house against the will of their mothers.

In Hanoi, the policy to only let residents with permanent registration buy their apartments discriminated people with short term employment, people who recently moved to the city and young people who come from other province who study in Hanoi. This also led to cases of corruption as many new residents had to bribe the local authorities in order to be in a favourable position for registration. Young families and those who work in the private sector were excluded from state subvention, and there were many poor and needy among these. There were also many students from other province who come to study in Hanoi.

In Lusaka, the transfer of ownership of houses to sitting tenants benefited men more than women, due to the history of male employment and tied housing. Largely tenure was transferred from public ownership to male private ownership. Joint ownership was legally allowed, but it was left to the husband to decide. Almost no men opted for joint ownership with their wife, while some made the ownership jointly with their children. Ownership to houses was transferred to men without asking for the consent of their wives who also were sitting tenants and had their names in the rental contracts. Within the household the position of the male head was strengthened. The privatisation changed the power balance between spouses. Men were empowered. Privatisation of the common

asset of council and government housing to the male part of the population only was a strategic loss for women in their struggle for equality within the marriage.

In the studied housing blocks in Hanoi, the unequal gender effects of privatisation were much less, but still there. Fifty-six per cent of the privatised apartments were sold to men, while the tenure contract of more than half of the apartments that remained rented were held by women. Allocation of housing on the basis of employment allowed both men and women to be household heads; this explains the large number of women tenure-holders. However, since the sale policy favours people who have made 'contributions to the revolution' who were usually high ranking "cadres", and many of these were men, the consequence was that more male than female household heads become owners. State employees who remained tenants were those who are less, or not at all, favoured by the sale policy, and as can be seen, many of these were female-headed households.

The emerging housing market imposed greater differences in opportunities between poor and rich. Women put high priority to housing and an urban house is both an end and a means for security and income generation for urban women. Prosperous women from all over Lusaka benefited from the creation of a housing market, which made it possible for them to buy a house. Therefore women with resources benefited as they got access to housing on the relatively gender-blind commercial housing market. Many women took this chance.

Concluding summery

This concluding section will summarise the comparison of privatisation of housing and its social impacts in two different contexts, Lusaka and Hanoi. The policy of privatisation had largely the same aims and goals - to empower people and to improve the housing situation by creating a housing market, but it was implemented in different political contexts and in housing areas of different types.

The studied housing areas were in Hanoi apartment blocks in four stories built between 1960s and 1980s. In Lusaka it was one to two bedroom houses built between 1950s and 1970s. In both cities maintenance of the housing stock had been more or less totally neglected for a long time. In both cities access to housing had been tied to employment, and the tenants had a strong security of tenure. In both countries the original rules for staff housing had been under change for some period. In Hanoi the possibility of selling use-rights, and the weak enforcements of rules in Lusaka had resulted in a variety of tenure forms.

Many of the original residents in the studied housing areas were, at the time of privatisation in the mid 1990s, close to retirement. In Hanoi almost half of the apartments were in the name of women. Both men and women had been in employment and women had same rights as men to get an apartment for their family. In Lusaka, women had been discriminated at the labour market and those who worked were not eligible to staff housing until the 1980s.

In both cities the privatisation was imposed from above without previous public debate. The reform involved substantial subsidies through sale of housing to a price much lower than the market price. In both countries this meant subsidies to people who already had

been privileged. Young people, newcomer to the cities, and poor people were seldom among these who benefited.

In both cities the privatisation created a housing market with a subsequent mobility of residents. In Hanoi in less attractive areas there were tendencies to a process of residualisation, where people with resources sold and moved to better areas, leaving poorer people behind. In Lusaka the picture is more mixed. In the more attractive areas there were clear tendencies of gentrification. Some poor residents sold their house, but most tried to keep as a source of income from renting, while moving to a cheaper place themselves. Both the buyers and the new tenants were of higher income than the sellers. In less attractive housing areas, an intensive building of rooms for renting, turning the small houses into tenements covering most of the plots, and the new renters were poorer people than the original tenants. It is likely that the average income of the residents went down, while it might be the adverse regarding owners. Some houses were bought by investors who remained absentee landlords.

With all the new rooms for rent the privatisation in Lusaka meant an increase of housing. Families got opportunities to rent a room, however, under conditions of overcrowding and with no security of tenure. The politicians had promised to build houses for the income from the sale, but only a few luxury houses were built. Also in Hanoi the privatisation meant increase in building activities by extensions as covered balconies providing more space for the owner, but no new apartments. The extensions were often made in a way that made the houses insecure. Maintenance in Hanoi was also endangered by the fact that there were no rules for who had the responsibility for the roof and the house structure outside of the apartments. The privatisation did not contribute to the improvement of the residential blocks.

In both cities the privatisation had been introduced rapidly and without proper planning. The lack of rules for joint ownership of the blocks in Hanoi is but one example. In Lusaka there was no capacity to meet the demand for surveying and issuing of deeds. In council areas in Lusaka plots had never been individual surveyed and title deeds could therefore not be issued. This contributed in a delay in market effects.

People who were better off benefited most from the subsidies, and as always, from the market opportunities. In both cities the privatisation primarily benefited senior governmental and formal sector employees. In terms of class and generation the reform generated inequalities in favour of rich and elderly people. In Lusaka the privatisation was a strategic loss for women as it empowered men by allowing them to opt against joint ownership, although the wives' name had been in the rental contract. In Hanoi women initially had a stronger position as contract holders in more than half of all cases. The rate of women was somewhat less among those who manage to buy their apartment, a reflection of fewer women in higher and better waged positions at the work places.

In spite of the differences there were many similar consequences of the reform in Hanoi and in Lusaka, similar also to what have been reported from China and other parts of Asia. Privatisation was found to support the existing social hierarchies and to strengthening existing inequalities. It brought about opportunities and benefits to people high up in the social ladder and ignored young and low income households. It also contributes to increase inequalities between the powerful and the weak, the rich and the poor, and between owners and tenants, and at least in the case of Lusaka, between women and men.

Reference

- Chan, Kam Wah (2000) "Prosperity or Inequality: Deconstructing the Myth of Home Ownership in Hong Kong". *Housing studies*, Vol. 15, No. 1, 29 – 44.
- Clapham, David (1985) "Privatisation and the East European Housing Model", *Urban Studies*, Vol. 32, Nos. 4 – 5, pp. 679 – 694.
- Dieleman, Frans M. (1999) "The impact of Housing Policy Changes on Housing Associations: Experiences in the Netherlands", *Housing Studies*, Vol. 14, No. 2, 251 – 259.
- Gurney, Craig M. (1999) "Pride and Prejudice: Discourse of Normalisation in Public and Private Accounts of Home ownership", *Housing Studies*, Vol. 14, No. 2, 163 – 183.
- Hoai Anh Tran & Elisabeth Dalbom (2005 forthcoming) "Privatisation of public housing in Hanoi, the unimpacts on tenants and owners". *Housing Studies*, forthcoming
- King, Peter (1996) *The Limits of Housing Policy, A philosophical investigation*, Middlesex University Press.
- Jaffe, A., Turner, B. and Victorin, A. (1995) *Property Rights and Privatisation in the Baltic Countries*, København, Nordisk Ministerråd.
- La Grange, Andrienne (1998) "Privatising Public Housing in Hong Kong: Its impacts on Equity", *Housing Studies*, Vol. 13, No. 4, 507 – 525.
- Lee, James (2000) "From Welfare Housing to Home Ownership: The Dilemma of China's Housing Reform", *Housing studies*, Vol. 15, No.1, 61 – 67.
- Linneman, Peter D., Megbolugbe, Isaac (1994) "Privatisation and housing policy", *Urban Studies*, Vol. 31, Nos. 4 – 5, pp. 635 – 651.
- Logan J. R., Bian Y., and Bian F. (1999) "Housing inequality in Urban China in the 1990s", *International Journal of Urban and Regional research* 23, Vol. 1, pp. 7 – 25.
- Mandić, Srna (2001) "Residential Mobility versus 'in-place' Adjustments in Slovenia: Viewpoint from a Society 'in transition'", *Housing Studies*, Vol. 16, No. 1, 53 – 73. 2001.
- MLGH (1996a) *National Housing Policy*. Lusaka, Ministry of Local Government and Housing, Republic of Zambia
- MLGH (1996b) *Draft National Housing Development Plan*. Lusaka, Ministry of Local Government and Housing, Republic of Zambia
- MLGH (1996c) *Revised procedures for sale of council houses*. Circular letter No 2, May 1996, Ministry of Local Government and Housing, Republic of Zambia
- Peat Marwick McLintock (1988 a) *Public sector housing consultancy study. Progress report on restructuring rents and selling houses*. Peat Marwick McLintock & Development Planning Unit, Bartlett School of Architecture and Planning for the Government of Zambia.
- Peat Marwick McLintock (1988 b) *Public sector housing consultancy study. Interim Report*. Peat Marwick McLintock & Development Planning Unit, Bartlett School of Architecture and Planning for the Government of Zambia.
- People's Committee of Hanoi (1999) *Bao cao Ket qua Ban nha theo Nghi Dinh 61 CP* (Report on the sale of state owned housing following the Decree 61/CP), Hanoi, Department of Land and Housing Management, working report, unpublished.

- Potts, Deborah (1999) "Housing policies in Southern Africa". In Gervais-Lambony, Jaglin & Mabin (eds.) *Housing policies in Southern Africa*. Cape town, David Philip.
- Schlyter, Ann (2002) *Empowered with ownership: The privatisation of housing in Lusaka, Zambia*. Roma, Institute of Southern African Studies, University of Lesotho.
- Schlyter, Ann (2003) *Multihabitation. Urban housing and everyday life in Chitungwiza, Zimbabwe*. Uppsala, The Nordic Africa Institute.
- Stanovnik, T. (1994) "The Sale of the Social Housing Stock in Slovenia – What happened and Why", *Urban Studies* 31 (9): 1559 – 1570.
- Sýkora Ludek (1999) "Processes of Socio-spatial Differentiation in Post-communist Prague", *Housing Studies*, Vol. 14, No. 5, 679 – 701. 1999.
- Zhao, Yingshun & Steven C. Bourassa (2003) "China's Urban Housing Reform: Recent Achievements and New Inequities", *Housing Studies*, Vol. 18, No. 5, 721-744, September 2003.
- Zhang, X. Q. (1999) "The impact of housing privatisation in China", *Environment and Planning B: Planning and Design*, Vol. 26, pp. 593 – 604.
- Zhou M., and Logan J. R. (1996) "Market Transition and the Commodification of Housing in Urban China", *International Journal of Urban and regional Research* 20, Vol. 3, pp. 400 – 421.