

# Europe: Transformations of housing provision in Romania: Organizations of subtle violence

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**This article is based on empirical data and is a small part of an ongoing research project on housing struggles and transformations in housing policies in Romania. We look at these transformations within the wider historical and economic context, outlining some of the links between privatization and austerity measures, individualization and privatization of housing provision, and the role of NGOs as subtle facilitators of such (often violent) processes.**

## Waves of housing policy in the context of “transition”

In Romania, as in other ECE countries, “the implementation of housing reform became one of the first acts” of the post-89 governments, with “privatization, deregulation, and cuts in state funding” as its main principles (Stanilov 2007, p. 177). Scholars of post-socialism have shown that these policies were cemented by the influence of international financial institutions such as the World Bank and the IMF overseeing the entire “transition” process (Pichler-Milanovic, 2001, apud Stanilov 2007, p. 176). In 1990, 30% of the housing stock was state owned (Vincze, 2017) – including buildings constructed during socialism (especially blocks of flats) but also buildings nationalized in the 1950s from the richer strata (especially villas, mansions, and small apartment blocks). After 1990, the housing reform followed three main paths:

1. The rapid and continuous sale of the state owned stock, which today stands at less than two percent of the country’s housing stock.
2. The deregulation and persisting lack of regulations with regard to urban development, working as a form of support for the private real-estate sector. In the mid 2000s, the retreating state informally shifted the responsibility for drafting urban regulations to the private sector (a process sometimes legitimized as participatory working group practice). This opened new legal doors for private accumulation through dispossession.
3. Re-privatization through restitutions (to former pre-1950 owners, their heirs, or their legal rights-buyers) of the nationalized housing stock, at first through financial compensation (for inhabited buildings) and in-kind (for unused buildings), and then through in-kind complete restitutions of buildings (despite the fact the state tenants were still living there and no relocation solution was envisaged).

The restitution law (10/2001) – although appearing to have only localized effects – has been actually very destructive, producing waves of evictions, gentrification, rent increases, transformations in the function of buildings ( from housing into profit making functions). This law was backed by the dominant anti-communist discourse which claims that the socialist regime wronged the interwar landlords when it nationalized their properties, and that these landlords and their heirs are rightfully

entitled to these properties regardless of what may happen to the tenants of the state who currently inhabit them. Such tenants of the state who are affected by evictions from restituted buildings very often belong to vulnerable social groups. These evictions get almost no media attention and the evictees get almost no support from authorities and public opinion, because the right to property prevails over tenants' rights, and because people belonging to vulnerable social groups are subjected to social stigma (invisibilized and marginalized).

In addition, for more than a decade, most of the national housing programs work to benefit the emerging/aspiring middle classes. Since 2009, "The First Home" (Prima casa) mortgage program and Bauspar program have been developed by the state in partnership with ERSTE financial group and Raiffeisen Bank, backed with about 4.5 billion euro in public funds. ANL (Agentia Nationala pentru Locuinte, The National Housing Agency) receives funds from the Ministry of Development - more than 1 billion euro since 2007 - to build flats, which are then sold to young families who can afford private mortgages. Another program supporting homeowners for the thermo-rehabilitation of blocks of flats has consumed billions of Euros (funds from the local and national authorities, plus EU funds) since 2009. In comparison, since 2007, less than 200 million euro were allocated for all kinds of social housing in total.

During the "transition", the amounts spent on public housing declined, while overall housing construction rose. In 2015, 20% of Romania's population was affected by severe housing deprivation. In urban areas, in 2014, there were over 67.000 applications for around 28.000 remaining, but already inhabited, social housing units. Moreover, following the liberalization of utility prices and their alignment with Western Europe since 1996, in response to the increasing cost of living, informal forms of housing amplified as ways of resistance and survival. It is estimated that almost half a million persons live without documents in informal types of housing.

Looking at housing provision within wider economic processes, we can say that since 1990, the IMF, World Bank and EU-imposed privatization policies have also meant a constant drop in wages and a constant attack on labour rights. These culminated in 2011 with changes in the Labour Code and Social Dialogue Code in the aftermath of the crisis, with severe impact on workers' lives and housing options. Since then, unionizing has become almost impossible, 44% of employees earn below the minimum wage, 25.4% of the population has fallen below the poverty line, over 40% of the population is at risk of poverty, and 42.6% of those employed spend more than 40% of their income on housing costs (2014-2016 data according to Eurostat).

After 2009, austerity measures brought cuts in most social benefits, legitimized by a rising discourse simultaneously for the "efficiency of the state" and against the poor. At the same time, most of the post-89 governments implemented tax-cuts for large companies, with recent tax-cuts for real-estate-developers enacted since 2017, and most of the post-89 governments deregulated the banking sector, paving the way for expensive and risky loans, which led to increased household debt. All these processes are part of Romania's integration into the highly financialized global economy. *The transformation of housing from public provision into private real-estate investment is a key aspect in these structural processes.*

### **The role of NGOs in the context of "transition"**

In Romania, one of the first laws passed by the first "transition" government was the Law on political parties and NGOs - rushed on the 31<sup>st</sup> of December 1989. Several authors have mentioned the role of NGOs, as ideological and economic actors, in smoothing such processes of global market integration and transition.

"The rise of advocacy groups and NGOs has, like rights discourses more generally, accompanied the

neo-liberal turn and increased spectacularly since 1980 or so. The NGOs have in many instances stepped into the vacuum in social provision left by the withdrawal of the state from such activities. This amounts to a process of privatization by NGO. In some instances this seems to have helped accelerate further state withdrawal from social provision. NGOs thereby function as ‘trojan horses for global neoliberalism’ (Wallace, 2003).

David Harvey (2006), drawing from the work of Tina Wallace and David Chandler, has strongly criticized the role of NGOs in legitimizing and fabricating consent for the withdrawal of the state from social provision, for accumulation through dispossession, and for military humanitarianism. Adam Fagan (2005) discusses the impositions, limitations, hierarchies and ideologies that come with Western aid towards CEE. Cornel Ban (2014) also criticizes the self-assumed democratic role of the NGOs, as a form of technocratic de-politicization. He also illustrates the transformation of the early NGOs of the 90s into economic think-tanks advancing neoliberal ideas and policies, with massive financial support from the World Bank and IMF. Reading these authors, we want to highlight that NGOs work at the intersection of global, national and local levels: they might offer important local aid to their (selected) beneficiaries while, at the same time, they often engage in subordinate relations to Western donors and, as experts and mediators, also engage in power relations with national and local authorities.

Looking at the changes in housing policies outlined above, we can see how, legitimized by the “transition” and the “crisis”, reformed public organizations transpose responsibility for housing provision from the state, to individuals. In this frame, many local authorities claim their own incapacity to deal with the impoverished population, and invest the NGOs with this responsibility. Moreover, NGOs are constantly promoted in World Bank reports and policy recommendations as “strategic partners” in national housing policies. We briefly present some of the NGOs active in the housing field in Romania, and the mechanisms of subtle violence that they operate with (and within). Our examples will show *how the discourses of NGOs can blur the idea of housing as public provision, and frame it as an individual opportunity/incapacity*, and how the actions of NGOs can legitimate the retreat of the state from housing provision, limiting even further the access to housing, and facilitating the uneven accumulation of resources.

### **Organizations of subtle violence**

In the Romanian context, the oldest NGOs in the housing field are those which, since the early 1990s, offer direct social assistance to persons living in precarious housing conditions. They offer one or more direct assistance services such as basic goods, basic medical care, assistance with formal paperwork, educational, therapeutic or community activities, or some forms of temporary shelter. We can observe that the work of such NGOs is marked by contradictions. They are organized as charities, around humanitarian ideas, but they are also organized around ideas of personal responsibility which actually block solidarity – both for the “beneficiaries” (for example, taking personal responsibility to “lift themselves” from their precarious situations) and the NGO workers/ volunteers (taking up roles as “problem solvers” in the field of housing). Several direct assistance NGOs and night shelters around the country are run by churches which, at the same time, are important real-estate developers involved in evictions and gentrification. Other housing NGOs depend on corporate sponsors which are involved in real-estate development or urban regeneration projects which produce displacement (see for example the corporate sponsors of SamuSocial, one of the main NGOs offering direct assistance for unhoused adults).

An illustrative example is Habitat for Humanity, a large global NGO working in Romania and in other 70 countries. It builds and repairs houses for the impoverished, mostly in rural and small localities, using corporate donations and volunteer labour. Corporate volunteers are involved through corporate social responsibility (CSR) or team building programs and offered meaningful

construction (and “savior”/ heroic) work compensating for the loss of meaning in their daily jobs. Impoverished households selected as beneficiaries are conditioned by micro-credit and/or many hours of free labour. But not many households can actually afford these conditions, and thus not many are selected for this – private and quite limited – NGO housing program.

Other NGOs practice a technical approach and a specialized understanding of housing. They are mostly connected to the eco-technical and urban development branches of architecture.

Eco-technical NGOs usually draft solutions on existing plots (site-specific) for passive, off grid houses, with individual or social functions. They usually don’t have a social approach and thus create a discursive rupture between people and houses, with emphasis on the latter and on the eco-architectural significance of the built environment. NGOs focused on urban development usually analyze and project the city in the neoliberal paradigms of sustainable development, private sector investments and public sector deregulation – also a way of legitimizing their own existence. They work in real-estate as mediators between the private sector and public authorities, claiming the role of the neutral actor. Often they proclaim the state as an incapable, overweight, and corrupt apparatus which is to be reduced and replaced with the means of and by the private initiative. Thus they justify a model of commodified living, and sustain the neoliberal ideology.

In addition, there are NGOs with cultural and educational approaches to housing, most of which use narratives on housing histories, architecture, aesthetics that overlap with complex political discourses that legitimize violent housing exclusions for certain social groups.

Most cultural NGOs in the field of housing (such as ProDoMo, Arcen, or Save Bucharest) are part of the heritage protection movement and draw on the myths of pre-socialist history. Being particularly sensitive to aesthetic issues, they aim to “save” historical buildings and ensembles, mostly interwar and pre-war buildings, and historical places and squares.

During the 1950s and 1960s, new state policies placed many working class people (in need of housing) in nationalized houses which had been built in pre-war periods and confiscated by the state in the early 1950s from the upper classes. Nowadays, the pauperized working class living in historical buildings is pointed at for supposedly being unable to sustain, recognize and enjoy the cultural values that their homes have. In brief, such NGOs and their networks advance a “savior” practice that focuses on buildings before people, constantly emphasizing the importance of preserving the buildings. They draw attention to the lack of means of the current inhabitants and thus on their incapacity to take “good care” of the buildings – in this way, they actively contribute to legitimizing evictions.

Moreover, working at the intersection of the global, national and local levels, some NGOs have become key-actors in facilitating public-private events and partnerships, leading to new processes of accumulation by dispossession. In 2017, Habitat for Humanity Romania, together with several corporations producing construction materials, and a bank from the global ERSTE group, organized a housing forum called *“Romania, closer to home. Initiatives and policies for everyone to have accessible and energy efficient houses”*. Held at one of the most expensive hotels in Bucharest, the event was meant to create a common ground between government, NGOs and business interests. Among the participants were officials (state secretaries, government advisers), private sector representatives (business groups presidents, bank representatives) and independent sector representatives (NGOs, independent and affiliated researchers), all discussing profitable ways to develop affordable and energy efficient houses.

Three main ideas generated consensus at this meeting: that social housing should be aimed only towards the poorest; that accessible housing should be made available for those with low income;

that the state would never be able to solve the social housing issue and, thus, needs private interventions. These ideas were emphasized repeatedly, imposing a clear separation/fragmentation of the impoverished working class into two categories: those confronted with extreme poverty, and the around 3 million people who are too poor to access the current mortgage market, but not poor enough to qualify for social benefits. The latter group was targeted for “accessible housing” public-private partnerships and policies. Private companies would build for them, the banks would create “tailored” micro-credits, the NGOs would mediate, and the state would build the legal framework and direct financial support towards the private partners. The fact that, in this process, the risks are transferred to the households and huge public funds are transferred to the private sector was easily left out.

A similar facilitation-event took place in March 2018 in Bucharest. Titled “*SOS Informal Housing in Romania*”, the event was organized by a coalition of NGOs and hosted by the Bucharest Municipality Cultural Center. Representatives of several local authorities from Bucharest and around the country were present. Among invited speakers were representatives of global electricity and gas corporations, as well as from one global financial institution. Dwellers without housing documents and community facilitators were brought to the same speakers’ table, staging consent. The main message from the organizers was the necessity to start acting together with other interested corporations and local authorities, in order to formalize informal housing – thus ensuring new utility contracts and new signups for micro-credit to pay for the costs of formalization. It was explained that the EU requires, and partly sponsors, such endeavours.

The risk of even further displacement in informal settlements, brought through household debt and high utility costs, was obscured. The huge profits extracted by banks, construction and utility companies from the wide pool of low income groups were dressed up in corporate social responsibility programs. Thus, the violence of dispossession, the potential for corporate profit, and the complicity of local (and EU) authorities with global capital were blurred by NGO technical talk and expertise.

### **Concluding remarks: bringing the Right to Housing into focus**

It is important to say that – beyond these alliances of subtle violence – there are community organizations, grassroots groups and alliances that oppose and challenge these dispossessive mechanisms in the housing field.

The Roma emancipatory networks (including several NGOs with juridical expertise) were among the first to struggle for housing rights. There are grassroots community organizations that later acquired NGO status such as LaBomba, which has been organizing protest events in Bucharest since 2006. For such organizations, in the post 1989 context, NGO status was needed in order to be able to formally register funds, to be able to file formal complaints and event authorizations, to be able to enter institutional spaces of decision making, and just to be heard as a legitimate actor. Moreover, the anti-capitalist “Housing BLOC” was organized in 2017 as a national action network, including NGOs together with grassroots radical groups. The contentions of these smaller and hybrid actors puts pressure on the larger NGOs to clarify their positions, and to acknowledge the symbolic violence they are involved in. Thus, in this hybrid space, we observe the existence of emancipatory possibilities, beyond violence legitimized by “transition” and austerity.

To sum up, we would say that, on one hand, many NGO discourses blur the idea of housing as public provision, and frame it as an individual opportunity versus incapacity. Blurring dispossession, and also blurring social rights, is – we argue – a form of operating discursive violence. On the other hand, many NGO programs showcase that forms of housing protection can be achieved through private initiatives, and that the “deserving poor” are not left behind. These programs/actions (and

their media representations) legitimate the further retreat of the state from housing provision, and the further involvement of private companies. These NGO programs further limit the access to housing to their selected (“deserving”) beneficiaries, and facilitate the redistribution of resources towards their own activities and staff, towards public-private partnerships and (through certain mechanisms such as micro-credits, utility costs and unpaid labour) from their beneficiaries towards private capital.

We think that these NGO-facilitated mechanisms are similar to what researcher Nicholas De Genova (2013) termed “the scene of exclusion, the obscene of inclusion” in the process of accumulating profits through the social construction and showcased solving of illegality (in his case migrant informality, in our case evictions, houselessness and informal dwelling).

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