

ACCESS OF THE YOUNG TO HOMES: SOCIAL EFFECTS AND DETERMINER FACTORS

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Abstract: The problem of dwellings, although accepted as social problem in the 90s, failed to reach that level of centrality required to get sufficient attention from the authorities. The opportunity of the problem of dwellings to become a manifest issue, that is to say an active attitude, a will to act, added to the formal acknowledgement of the problem, is better within the current context. The process of European pre-accession and the economic revival after 1999 sparked expectations for a better life which now seem to be accomplishable. Although it involves much higher costs of transaction, the dwelling is no longer just a traded good. It is perceived as the “ideal” investment, with a minimum of innovating effort and maximum of rewards, it provides the essential opportunity for a normal life, within the society, according to the European social pattern of a society able to confront risks.

Key words: quality of life, social exclusion, household/dwelling, birth rate, public funds

Introduction

This study wants to offer a diagnosis to the housing problem for young, on four coordinates: (1) effects, (2) magnitude, (3) generating factors and (4) prognosis of the future dynamic.

Identifying and estimating the dimension of the effects allows an answer to the question if we can really talk about a social problem. We must see in which degree the phenomenon, through its effects, beyond the level of consciousness regarding the public opinion, is in fact a problem.

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Estimation and magnitude requires developing and using a set of indicators. So, a prime obstacle is, in fact, the construction of these indicators which can offer a precise image of the problem. After this we can move to estimation, on more dimensions, of the magnitude of the problem. First, there is a difference between the component demand and the component offer, because houses are an integrate part of the real estate market. On another dimension, we encounter thing which belong to the amount of financial resources, public ones and from the private sector, especially banking, of a physical number of locative unities built and their classification and, last but not least, of the potential of the demand and of the offer.

The factors and conditions which generate the problem have a high importance because they imply building and the dynamic of the problem. After the factors' identification and listing, an estimation can be made of the presence and magnitude, so that we can reach a dynamic's prognosis. On the base of this prognosis of the factors and problem's dynamic and the way in which it is realized, a prognosis of the problem's dynamic in the future is possible.

A real social problem?

The population's definition of a problem as being real does not mean that the problem is real as a social fact. Phenomenon of manipulation can appear at all times of the public opinion. From this reason, an analysis of the social effects is needed, in which the dimensions and their magnitude can offer as an answer (Zamfir, 2006). The first stage will be listing and discussion of the relevance of the social effects. In the second stage, we will watch the dimensions and dynamic in the transition period.

Indicators of the social effects

Social problems regarding the deficit of homes for young generates is a degradation in life quality (Mărginean and Bălașa, 2004) and a growth of the risk of social exclusion of a person. Having a home, property or rent, equivalents with entering on the path of some means and opportunities for a normal life and developing the human abilities of a person. Lacking a home is an extreme case of social exclusion (Dan, 2004). On the other hand, assuring the access to decent conditions of habiting is one of the benefits offered by the social state or of the occidental wellness (Cace, 2004).

Operating the component which implies housing in social inclusion and life quality is a difficult intercession. Regarding social inclusion, Romanian Government adopted HG no. 488/2005 regarding the acceptance of the national system of indicators of social inclusion. Annex 2 of the decision contains tertiary indicators, specific for Romania. In section (3) "Living conditions" we encounter subsection (3.5) "Overcrowding", with the indicator "number of people who live in overcrowded

houses”, defined as the rated report between the number of people who live in establishments with more than two people in a room and the total of population.

Regarding wellness and life quality, Eurostat gives in the Annually European statistic (2005) a series of 5 indicators, of which we mention (1) *establishment weight which occupy overcrowded houses*, the latter being defined as more than one person in a room, (2) *the number of rooms/person judging by the means of occupation of the house* (owner, tenant or total) and (3) *weights of establishments which have in property the house in which they live*. Unfortunately, for the latter indicator, known as home ownership rate, there is no mechanism in collecting data in Romania. We know that more than 97% of the house fund is private property. (INS, 2005)

The European Foundation for the Improvement of Living and Working Conditions (EurLife) does research on “Life Quality in Europe“, the last one being from 2003. Among used indicators there also is the number of persons per room of living (Mărginean, 2004).

Another effect of lacking houses for young is the decrease of wedding rate. Results of sociological research on young people have shown that the main problems in making a family depend on socio-economical factors, the first one being the lack of a home. Other factors, such as not finding a partner or parent’s rejection, are secondary (Mărginean, 2004).

The inability to have a home leads to a decrease in birth rate (Ghețău, 2004). This phenomenon has complex causes, but the socio-economical factors are very important, taking into consideration the need of financial resources implied by the increasing number of members in an establishment.

The dimension of effects

Regarding the weight of persons who live in overcrowded places, according to the population and house Census from 2002, the number of persons living in establishments with more than two people per room was of 4.038.942 persons from a total population at that time of 21.345.033. Therefore, the values of this indicator is of 18,9 %. If we compare to the European standard of defining overcrowded houses, which is more than one person per room, the data from the 2002 Census show a total of 13.156.953 persons, meaning 61,63 % of the population (INS, 2003).

Table 1 - Overcrowded houses in Romania (2002 Census)

Standard	No. persons	Weight in total population
Romania: More than 2 persons/room	4.038.942	18,9%
EU: More than 1 person/room	13.156.953	61,63%

Source: INS 2003.

For the number of rooms/person judging by the way of occupying a home(owner, tenant or total) there are no data in the Census, only in what implies the total number of rooms (18.577.189) and the total number of persons (21.345.033). Therefore, the value of this indicator is 0,87 per person. In comparison, The Annually European statistic 2005 indicates an European average of 2 with 1,4 rooms/person, and the highest are in the Holland Kingdom, 2,6 rooms/person.

The value of the indicator regarding the number of people per room of living in Romania was of 1,14, according to data from the 2002 Census. Research in "Life quality in Europe "of Eurlife gives a value of 1,1 to this indicator for Romania in 2003. In comparison, the EU average -15 is of 0,7 persons/room, of EU-25 is 0,8 persons/room and AC-13 (plus Turkey) 1,2 persons/room. The lowest value for this indicator is in Great Britain and Belgium, with 0,5 each. The maximum is 1,5 in Poland, and higher levels than Romania are in Hungary, Latvia and Lithuania (Mărginean, 2004).

Wedding rate (the number of weddings at 1000 inhabitants) was decreasing until 2002, when 5,92 weddings were registered at a thousand people. The rebirths of economy and improvement in life quality have stimulated a faint increase in wedding rate until levels comparing with the '90. On the other side, young people postpone the wedding moment, especially due to material restrains, reaching an average wedding age of 28,3 years at men and 25 for women.

Table 2 - Wedding rate in Romania, 1990-2004

Year	Wedding rate	Year	Wedding rate
1990	8,3	1998	6,46
1991	7,9	1999	6,23
1992	7,7	2000	6,05
1993	7,1	2001	5,80
1994	6,8	2002	5,92
1995	6,8	2003	6,16
1996	6,7	2004	6,61
1997	6,5		

Source: INS, 2005

Birth rate has dropped after 1990, Romania having a negative increment since 1991. In this context, the Demographic Research Center "Vladimir Trebici" of the Romanian Academy developed a study, under the coordination of Vasile Ghețău, named *Will the population of Romania reach less than 16 million inhabitants in 2050?* From this hypothesis, three scenarios emerge for Romania at the middle of the XXI century. The increase of addiction rate towards elderly will take place despite the fertility evolution, but on the average variants (juncture index of fertility 2,1 in 2050) and

upper (juncture index 2,1 in 2020); would mean that a total population of 20,2 million, 22,09 million in 2050, means a more sustainable addiction rate to elderly (Ghețău, 2004).

Table 3 - Birth rate in Romania, 1990-2004

Year	Birth rate	Year	Birth rate
1990	13,6	1998	10,5
1991	11,9	1999	10,4
1992	11,4	2000	10,5
1993	11	2001	9,8
1994	10,9	2002	9,7
1995	10,4	2003	9,8
1996	10,2	2004	10
1997	10,5		

Magnitude estimation

Regarding the estimation of the problem's magnitude (lack of) homes for young, we will use a series of indicators which could offer a multidimensional image. The dimensions taken into account are: (1) stock and house construction, (2) financing, (3) prices and credit access and (4) estimation of the deficit of homes. This last item is the troubling one because it supposes gathering up partial indicators in a global indicator, with an approximate value.

Measurable indicators: stock and home construction, financing, access to credit lines, home deficit estimation

(1) The first category opens with stock and home funds, which represent the total number of permanent homes, vacant or occupied, on a determined period of time. Data regarding this indicator are available in the Romanian Statistic Yearbook. Its relevance comes from the dynamic in time and from the structure of property. Homes from state funds can be used as social homes which young people could rent.

Houses finished in a year are those homes which did not exist priory and their elements, plus foundation, had been built for the first time and to which all the categories of projects had been made and received by the beneficiary. This indicator has a special importance regarding the house offer on the market, with the remark that the statistics do not give information on the proportion of the ones in their own overheads or the ones built by entrepreneurs for sale. Statistic Yearbook gives data

regarding the classification on the number of rooms and financial resources, public or private and of the weights of average denizen. Other data can be obtained through public information of the resort ministry, in this case, MTCT, upon the locative unities received on categories of governmental programs.

The absolute number of building authorizations released for buildings allows the estimation of the offer's dynamic on a short and average term, on average denizen. In addition, it gives a quite sure image of the growing or decreasing tendency of building new houses regarding the prior periods. Such data are available in the monthly casts of INS. Still on the short term dynamic, but from the demand's point of view, we have the volume of new orders in construction in millions of lei, current prices. This information also comes from the monthly casts of INS.

Houses in execution depend on the quantity of the new built house offer which will enter the market soon. This information also comes from the monthly casts of INS.

(2) The second category includes financing aspects of house constructions. In the public sector exist statistics referring to public expenses on houses, found in the service and public development and houses category. (Văcărel, 2003). These expenses can be expressed in current prices, weights in PIB, constant prices 1990 (GDP deflator) or convertible quotations, at the average course from that year. A problem would be the fact that the expenses weight on houses besides other public services- drainage, water supply, connection to gas etc. - is not precisely shown in the statistic regarding the execution of city's budget and local budgets from the Statistic Yearbook. Another problem is the opacity of the extra-budgetary funds in general and the imprecise existence of house constructions. State budget law from 2007 gives useful statistic data on the MTCT expenses in 2005, appointments for 2006, 2007 and estimation for 2008. We must remember that all the public expenses are included in the offer of financing.

Regarding private financing, we must distinguish different means-real estate credits or mortgage, real estate leasing, other financial products-and the fact that BNR data do not offer a weight in offer financing, natural person looking for a house, on offer financing, meaning loans for constructors who than sell the finished houses. The total value of the real estate credits can be expressed in lei current prices. Regarding real estate leasing, it is more for office constructors who do not have a well defines juridical frame, which can protect the user in case the leasing company goes in bankruptcy and entering the list of creditors of his debtor, thus appearing the situation in which you can loose the real estate good.

(3) Regarding the third category, house prices and access to credits, we will try to bring some estimations of the dynamic of house prices and bank's credit conditions. The amount of mortgage rates can be compared to the average incomes, in order to

see the degree of access to credits and, as a consequence, to homes opened for all young people.

(4) Estimation of the housing deficit for young is a key-problem in offering an image of the magnitude of the problem and it can be made in two ways, which do not exclude one another. The first one would be starting from the weight of young who live with their parents and they represent, generally speaking, the net demand for houses. Of course, we must take into consideration the fact that some of them live in the same establishment with their parents, but in different houses, or the space and/or conditions of living are an advantage, so they do not have an immediate interest in finding a place. The representative answers and surveys made on the young population by ICCV (1994) and CSCPT (1996-2006) and the data regarding Romanian population on age categories from the Yearbook, we can see an approximate number of young people who are in search for a home. The disadvantage of this action is neglecting other categories which are included in the demand for houses, such as evacuated tenants from nationalized houses or people included in the demands for social homes, over 35-38 years. The second way would be using the indicator for the number of houses built on 1000 inhabitants. The comparison of this value with the west-European states could give us a clear image on the deficit of homes at a national level and, so, of the demand of all categories, including young people.

Estimation of the problem' dimensions

The house fund dynamic in the transition period has two aspects. The first one implies the decisions taken in 1990 regarding the selling toward population, at a medium price (Zamfir, 1999). In 1989, the stock of private properties was of 67%, raising to over 97% in 2001. The liquidation of most of the stock was made between 1990-1991, through the Law - Decree no. 61/1990 (Dan, 1998). The negative effects of this measure were felt to the end of the decade, when extreme social problems appeared regarding houses (The tenants from nationalized houses, social cases, young), and the state did not have supply funds or financial capacity to build houses at least at a quarter of the level in 1989 (Noica, 2003). In parallel, the house crisis was enflamed by the speculation of these distortions and of the incomplete information on the market, meaning that the real estate investments which seek sure incomes from renting and a way of investing "grey" or "black" money which would loose trace in houses' price increase (Dan, 2006).

Table 4 - House fund, regarding the property form
(thousand locative unities, 1991-2006)

Property Type	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
State Majority	1603	667	707	609	565	515	449	412	392	380	212	203	202	199	204	206
Private Majority	6056	6816	7003	7140	7217	7296	7388	7448	7493	7528	7895	7928	7950	7977	8005	8024

Therefore, from 1991-trimester 3 of 2006, the house fund increased with 6,93%, with a different dynamic on property forms. The state fund decreased continuously until 2004, after which it experienced a slight growth. In 2006, the state had only 12,8% of the number of houses from 1991. On the other hand, the majority private house fund increased with 32,49%.

The total number of finished houses in 1990-2005 was of 504.129 locative unities, of which 358.182 (71,04%) from private funds, 141.672 (28,3%) of public funds, and the rest (0,64%) from other resources.

House construction from public funds experienced a high decrease. Only in 1990 the total finished houses was comparable with 1989 (with about 2000 locative unities less), but out of inert considerations. The financial crisis of the sector meant the backing of the state from the house domain. The state built 75% of the houses during 1990-2005 in the first 6 years after revolution. On denizen averages, the urban represented more that 95% of the built houses.

State implication through the construction of individual houses in property would be stopped by the year 2008, according to budget state law on 2007. In 2007, ANL would receive financing only for finishing the current projects. We will come back upon the action directions when we talk about budget financing in 2007-2008. As number of locative unities built by the state, the most important problem is the one with BCE for the construction of 30.000 houses for young in the future years, followed by programs for finishing blocks started under the old regime (GO nr. 19/1994) and building social homes (Law nr. 114/1996).

Table 5 - Houses built out of public funds

House Type	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total, of which	42754	21250	13727	10851	10809	8970	4015	3494	2915	1750	1158	1285	2856	6086	4903	5749
In rural	2373	772	472	802	251	190	82	134	60	137	91	42	143	136	119	504

Source: INS, 2005-2006

Starting with 1993, the private sector takes the lead in building houses in Romania. But, starting with 2004, the annual rhythm of completed houses will stay around 25.000 locative unities. Only by 2005 the number has gone over 30.000 unities per year. The average denizen situation shows a predominance of the built houses from population funds in rural. The probable explanation for this fact, tied of the high number of rooms, would be that a large amount of the houses from the "country side " are holiday homes, villas or residential establishments like the "Green Paradise", that are juridical in townships, but the owners come from the urban. In this case, the house is the second or third per establishment, but the general data from the Yearbook does not allow a detailed research of the situation. Many constructors try to avoid enormous prices for lands in big cities in order to get attractive prices for houses, so they choose to build outside the cities. In 2004-2005, a balancing tendency has been noticed of the urban-rural report, because of the explosion of mortgage credit and the entrance on market of some companies dedicated to built residential urban assemblies.

Table 6 - Houses built from private funds

Year	Total	Urban - nr.	Rural - nr.	% Urban	% Rural
1990	5779	1092	4687	18,9	81,1
1991	6438	1301	5137	20,2	79,8
1992	13811	2581	11230	18,7	81,3
1993	19219	4774	14445	24,8	75,2
1994	25896	7430	18466	28,7	71,3
1995	26744	6219	20525	23,3	76,7
1996	25201	5808	19393	23,0	77,0
1997	26149	6896	19253	26,4	73,6
1998	26550	7323	19227	27,6	72,4
1999	27256	8244	19012	30,2	69,8
2000	24703	7697	17006	31,2	68,8
2001	25300	7825	17475	30,9	69,1
2002	24398	8408	15990	34,5	65,5
2003	22910	8415	14495	36,7	63,3
2004	25160	11027	14133	43,8	56,2
2005	32668	16619	16049	50,9	49,1
Total	358182	111659	246103	31,2	68,7

Source: INS, 2005-2006.

Table 7

The relative structure of newly built houses in Romania,
according to the number of rooms (1990-2004)

Nr. of rooms/ year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1 room (%)	16,6	15,0	11,2	9,7	10,7	9,8	9,1	7,1	6,5	7,3	6,0	6,3	9,4	11,6	10,7
2 rooms (%)	32,0	31,0	27,7	28,4	28,1	29,8	27,0	25,9	27,1	25,9	24,4	24,0	23,5	25,3	24,1
3 rooms* (%)	51,4	54,0	61,1	61,9	61,1	60,4	63,9	67,0	66,5	33,4	33,2	32,0	29,7	25,4	25,1
4 rooms and over (%)	--	--	--	--	--	--	--	--	--	33,4	36,4	37,7	37,4	37,26	40,1
Average nr. of rooms/house	--	--	--	--	2,90	2,93	3,33	3,07	3,03	3,02	3,10	3,10	3,05	3,0	3,03
Total of new houses	48.599	27.958	27.538	30.071	36.743	35.822	29.460	29.921	29.962	29.517	26.376	27.041	27.772	29.125	30.127

Source : INS, 2005.

Note : -- missing data, until 1999, the category was referring at 3 rooms and more.

Regarding the finished houses after the number of rooms, the ones with 3 rooms or more dominate. Introducing the category of 4 rooms or more in statistic reports starting with the year 1999, changed the data of the problem. Starting with 2000, this becomes the main category of newly built houses, so that it can be inferred on an implicit area of living and on the market domination of the persons with above average incomes, who could and can afford such houses. On the other hand, we must keep in mind the fact that a part of these houses have self government, so a part of the costs imply the average profit of the constructor are put apart ; but such an action supposes financial resources, even for hiring labour force, so a certain position in the frame of social stratification.

The number of authorizations released between the years 2005 and 2006 (until November plus) show an increasing tendency of 4% for residential buildings (exclusively collectivities), 14% for establishments of the residential buildings and 31 % for residential buildings for collectivities. The first category still dominates the rural environment, especially the individual buildings with one establishment. In the second category we notice a tendency towards urban. Naturally, authorized projects for residential buildings in collectivities are almost all of them in the urban environment.

Table 8 - Released construction authorizations for buildings (houses), 2005-2006

Category	2005			2006		
	Urban	Rural	Total	Urban	Rural	Total
Authorizations for residential buildings(exclusively the ones for collectivities)	17.874	25.668	43.542	19.064	25.884	44.948
- of which for individual buildings with one establishment	17.179	25.520	41.699	16.256	27.490	43.746
Establishments from residential buildings for which authorizations had been released	23.856	25.939	49.795	30.852	26.209	57.461
Authorizations for residential buildings for collectivities	97	6	103	11	138	149

Source: INS, 2005-2006

Note: The 2006 data are until November plus.

There were 100.688 unities in course of construction until the end of November 2006, of which most of them are still in the emerging phase of being finished. In December 2005, the number of unities in course of execution was slightly lower, just 91.240 unities. Over 75% locative unities with subventions or budget funds are going to be finished.

Table 9 - Houses in course of execution, 2005-2006

Year /Category	Total	Of which:			
		Finished and unreceived	In course of finishing	Structure execution	Foundation execution
2005	92240	2369	36584	31387	21650
2006	100668	2983	39615	33116	24954
Din care:					
2005 – budget subventions	14230	2292	4584	4451	2903
2006 – budget funds	11858	2381	3511	3312	2654

Source: INS, 2005-2006.

Note: 2006 data are until November plus.

The volume of new house demands, reported by constructors for residential buildings, reached 3,158 billion lei, the equivalent of more than 900 million euro in 2005. On the first three trimesters of 2006, the volume of demands for residential buildings was of 2,896 billion lei, the equivalent of about 850 million euro, and twice the value registered in the same period of the prior year (INS 2006). In other words, the construction of residential buildings is in a stage of boom.

(2) Financing the construction of houses was provided by private sources. Public financing for constructing buildings was made through state budget, the costs category “state establishment and houses” between 1990-1995 moved, because of changes in construction category of budget costs, towards “services and public development, houses, environment and water”. Houses do not have a subcategory of their own and functional classification of public budget expenses, being united with services of public development (Văcărel, 2003). Therefore, the exact weight of budget expenses on houses cannot be determined. In the case of local budgets, house expenses have followed the same course in the general plan of expenses’ category.

Table 10 - The GDP (PIB) weight of public expenses - public services, houses, environment, waters (State and local budget), 1991-2004

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
BS	0,03%	0,03%	0,14%	0,26%	0,26%	0,20%	0,16%	0,18%	0,25%	0,24%	0,22%	0,28%	0,33%	0,31%
BL	1,28%	1,94%	1,59%	1,49%	1,76%	1,71%	1,60%	1,48%	1,60%	1,49%	1,54%	1,37%	1,75%	1,32%
Total	1,31%	1,98%	1,73%	1,74%	2,02%	1,91%	1,76%	1,66%	1,85%	1,73%	1,76%	1,65%	2,09%	1,63%

In the case of budget expenses, the GDP weight of expenses in the services and public development, houses category is very close to the one only for houses. The

main coordinator of credits was MLPAT, until January 2001, followed by The Minister of Transports and Constructions (MTCT).

**Table 11 - Budget on MTCT programs (sections)
on fiscal year 2007- million lei**

Program	Made in 2004	Made in 2005	Program 2006	Program 2007	Estima-tions 2008	Estima-tions 2009	Estima-tions 2010	Total
<i>Finishing flats from buildings started before 01.01.1990, according to GO nr. 19/1994</i>								
Total program	30,3	10,05	12	19	14	9,1	2	96,4
State budget	30,3	10,05	12	19	14	9,1	2	96,4
<i>Building individual houses in the property of ANL (mortgage credit)</i>								
Total program	19,1	22,8	20	4,8				66,84
State budget	19,1	22,8	20	4,8				
<i>Building social houses according to Law nr. 114/1996</i>								
Total program	8,4	3,2	10	22,8	10,5	6,1	15,6	76,6
State budget	8,4	3,2	10	22,8	10,5	6,1	15,6	76,6
<i>Building houses for young, for rent</i>								
Total program	400,89	166,5	248,7	314,7	548,4	294,5	383,9	2357,8
State budget	155,2	148,3	173,7	101,4	130,7	148,2	145,2	1002,8
Foreign Loans	245,6	18,2	75	213,3	417,7	146,3	238,7	1355
<i>Houses of necessity</i>								
Total program	3,5	9,9	3,9	2,5				19,8
State budget	3,5	9,9	3,9	2,5				19,8
<i>Giving bonuses according to Law nr. 541/2002 regarding gaining and credits in the collective system for locative domain</i>								
Total program		8,1	23,7	23,7	23,9	24,2	24,4	128,2
State budget		8,1	23,7	23,7	23,9	24,2	24,4	128,2
<i>National program regarding support in building personal property houses according to OUG nr. 51/2006</i>								
Total program				3	5	10	15	33
State budget				3	5	10	15	33

Source: State budget law, 2007.

In local budgets, the weight of local public costs in GDP from above does not reflect the house component, because most of the investments from the functional category mentioned above go to investments on local infrastructure- roads, sewerage, water. In addition, we notice this through the low number of houses built from public funds in general.

For the period 2005-2008, we should look at the budget on programs regarding house constructions of MTCT, after how it is shown in budget law on the fiscal year 2007, through a series of programs included in multiannual budget planification. The first one implies finishing houses (blocks) remained unfinished until the old regime, according to GO nr. 19/1994. The total on 2007 is of about 5,5 million euro, and the estimated total on 2004-2010 is of 28,35 million euro. The second program will be finished in 2007, implying the direct construction of houses by ANL. According to the program of government, the Executive choosed to not distorsionate the market by building for sale of ANL. The last part of this program on 2007 represented 1,4 million euro and a total on 2004-2007 reaches 19,5 million euro. Building social homes according to Law nr. 114/1996 continues until 2007-2010, having planificated expenses of 6,7 million euro in 2007 and a total of 22,5 million in the years 2004-2010. The house building program is for renting to young and it is the biggest one financed by MTCT regarding houses, beneficiating from an external loan given by BCE of 140 million euro. In this program the local councils take part, loanning and in supporting a part of the costs. In 2007, 91 million euro are given, the program beeing of, in 2007-2010, 453 million euro. The construction of necessity buildings program stops in 2007, when it has 730000 euro. Giving state bonuses according to Law nr. 541/2002 is of 7 million euro in 2007 and 28,2 million euro on 2007-2010. Finally, giving subvencions according to GUO nr. 51/2006 totalised cost of 9,7 million euro on 2007-2010.

Beyond the support, through budget-fiscal policy regarding financial support of house demands, most of the financial flow from the bank market comes from the bank domain. In November 2006, credit institutions from the Romanian Market were of real estate credits given to various debtors, physical persons or not banking juridical ones, of 3,46 million euro. The weight in which the money is distributed to buy or construct real estate residential values, through supporting the demand by giving credits to those who want to buy a home, in other words through supporting the demand or offer, we cannot know it only on the base of these data.

Table 12 - Giving credits and promises of credit institutions (million lei),
2001-2006

Category \ Year	U.M.	2001	2002	2003	2004	2005	Nov. 2006
Credits for real estate goods	mil. lei	388	798	2310	4791	7681	12211
	mil. euro	149,2	312,7	615,1	1182	2119,8	3465,6

Source: BNR, 2006

(3) Regarding prices and access to mortgage / real estate credits, a comparison is needed between the costs that involve the market interest and financial resources of the young with average incomes, but who need a home.

Banks offer mortgage credits which cover 75% of the price of the house, and the interest varies according to the circulation medium in which the credit is, and especially, the credit's period. As an example, in case of a 37.000 euro credit, to buy a single room flat comfort I in the capital, monthly rate (on 25 years) is of 255-300 euro (Dan, 2006). According to INS, the average income at a national level reached 908 lei. Supposing a higher level of salary in the capital with 20%, we reach maximum 110 lei, which covers about 75% of the monthly rate, so not enough for current expenses. For a single person, access to a mortgage credit for a single rooms flat equivalents with having the salary at least with 50% higher than the medium one, more than 1500 lei. In case on a couple, the same not favourable report maintains if they want a flat with two rooms, in the conditions in which the European standard of overcrowding is more than one person in a room.

Although credit rates, even in the most suited conditions, are high enough for most of the young who are at the beginning of their career, house prices maintain at a very high level. Even in the conditions of increasing costs indicators regarding constructions, which have reached 107,9 at materials and 109,5 at residential buildings at the end of the third trimester in 2006 than a year ago (INS 2006), therefore above inflation rate, prices do not show signs of dropping.

This means that we can talk about a source of the phenomena of social polarization of the locative criteria, having as base incomes, mostly people's salaries. Unfortunately, there is no indicator that can show the current situation. On the data from the Ministry of Finances and ANAF, plus data regarding taxes on buildings and terrains of fiscal administration and local councils, we can build a correlation indicator with having in property one or more houses.

(4) The explanation for high prices on the real estate market can be only the existence of a structural deficit between demand and offer, with pressures of price increasing because of the imperfect knowledge and opacity of the market. In the above mentioned, we tried to form an image of the offer of houses in the last 16 years. As seen, the house stock has increased only with 6%, the annual growing rhythm stopping at less than 30.000 unities on state. Meanwhile, new generations of young left learning institutions and entering the labor market.

Problem: indicator of the house deficit at a national level ■■■■■

Estimating the house deficit is the most synthetically form of estimating the magnitude of the problem. The first method of building such an indicator would start from the weight of young living with their parents. According to "Barometrului tinerilor"

research of CSCPT from the last years, 77,9 % from the interviewed ones in 2002 and 76 % of the subjects of the survey in 2004 showed that they live with their parents. According to data from Statistic Yearbook of Romania 2005, chapter 3 Population, the absolute number of those between 20-35 years is above 1.980.500. Taking into account the external migration effect of labour force from the last years, estimated at about 12 % of the population, a conservatory estimation of the young who are in the country, live with their parents and are looking for a place of their own would set the total of almost 1.950.000 persons. But, because most of them form couples, the real demand for a house could be estimated at being between 1.200.000 unities and 1.500.000. Such an estimation excludes the demand for social houses of the marginalized category, young who leave child care institutions, tenants from nationalized houses, marginalized persons, gypsies etc.

Another way to estimate the house deficit at a national level, without an estimation on the subcategory of vulnerable groups, would be using the indicator number of houses at 1000 inhabitants. Let us see how Romania is positioned from other EU states, but also from EU-15 and other ex-communist states which integrated in 2004-2007. According to the 2002 Census, in Romania where 8.107 houses at a population of 21.680.974, from which we conclude a value of 373 houses at 1000 inhabitants. In the same year, according to "Bulletin of Housing Statistics for Europe and North America" of The United Nations' Commission for Europe (UNECE), the average EU-15 was of 450 houses at 1000 inhabitants. In conclusion, Romania has a deficit from the European average of 76 houses at 1000 inhabitants, which means a total deficit of 1.647.754 locative unities.

Table 13 - Number of houses at 1000 inhabitants in Romania and other EU states (selection), 2002

Country	Year	Value
Austria	2002	408
Bulgaria	2002	471
Denmark	2002	472
Finland	2002	499
France	2002	503
Hungary	2001	407
Portugal	2002	502
Romania	2002	373
Slovakia	2002	320
Slovenia	2002	393
Spain	2001	510
UE-15	2002	450
Deficit EU - Romania	2002	76

Source: UNECE, 2003

Apart from other ex-communist states, Romania is at the same level with Slovakia (320), but lower than Slovenia (393) and far from Bulgaria (471). From this general deficit of 1,6 million locative unities, the segment of young's demand is the most numerous, raising at 75-90%.

Identifying the factors which generate/facilitate the house deficit

In the following, we will try to identify the factors that stood at the base or which contribute to the house crisis for young. Taking in consideration the short period of time passed by the beginning of the transition -17 years, the presence and influence of certain factors varied in time. Therefore, the first stage would be listing the factors which would be discussed about the way in which it affects this social problem. The second stage would be estimated the presence and variation of the magnitude in the period 1990-2006. Last but not least, we are taking into account the dynamic prognosis of the factors with the highest influence.

Determined factors

Decreasing in power of buying, real income of the population in the transition period is a vital factor which explains why most of the majority cannot afford a house (Dan, 2003; Dan, 2006). Although visible, this factor is not a cause-problem, but an effect of the phenomena/processes which shocked the society in transition. As indicators, we can use the dynamic of the real salary and the dynamic of inflation on the period 1990-2006. Inflation is also a monetary phenomenon, which affects the credit market, meaning that practicing real high positive interests, that draw back the demand and the offer. As a total, the economy drop from the '90 generated a period of national wealth compared, in relative terms, with the two world wars (Belli, 2001).

The drop of the economy lead to severe social problems-the loss of work places, poverty, marginalization –the increase of living costs, which excluded many from the chance of living in normal conditions (Zamfir et al., 2000). Without a functional economy, the development of the house offer is in difficulty. Enterprises do not have access to financing, there is no offer. The evolution of GDP, as a synthetic indicator of the economic evolution, reflects the recession periods and rebirth of economy.

The drop of economy put the state in difficulty, setting pressure on the fiscal incomes (Văcărel, 2001). In the case of the policy of living, the state's draw back from house building has the effect of limiting the offer and excluded wide groups from the chance of having a home. The state's draw back from economy and society can be followed through the weights of social expenses in GDP, and through financial pressures of avoiding not sustained public deficits.

The question if somehow the transition strategy itself, through not trying some options, acted as an obstacle which put the society and state on a single road, with one condition and no other alternative (Zamfir, 2004).

The need of following the transition strategy became the only possible way due to specific national economy restrains, which came from the old regime, external deficit crisis and difficulties in supporting the balance in external payments (Văcărel, 2001). The need to reduce the current cont deficit has been made on cut backs of the demand and not the growth of the internal offer. Therefore, the analysis of the cash flow allows evaluation of the financial stability of national economy, which is vital for an economical growth. The socio-economical problems specific in the '90 has root in the system crisis of command economy and society functioning of a soviet type in Romania (Ionete, 1993).

In the actual context, of relative economical stability, other factors appear which set pressure on the real estate market, generating that deficit of 1,6 million houses. Despite salary growth, inflation decrease and credit availability, the access to houses is easier. As we have seen, the offer barely replies to the rebirth of the demand. Here we can analyze objective factors, such as the cost of building materials, the lack of labor force and the high prices of terrains.

Presence and magnitude

From the house crisis perspective, we can talk about period between 1990-2006 in two separate stages, each with its own system of cause factors.

The first stage, 1990-2004, the most specific one for transition, is characterized through a pressure of drastic reduction of the demand and house offer. In comparison with the next decade, prices are very low, because of finding the market's balance, of which social costs was, as we have seen, overcrowded houses (table 1), so the drop in life quality started with a side of the phenomena of social polarization on the locative criteria. The two cause-problems of transition, at least as an effect on house crisis, were the system crisis of demand economy of soviet type and the crisis of external deficits.

Table 14 - Economical indicators of the external position of Romania 1981-1989, in million USA dollars

Indicator	1981	1982	1983	1984	1985	1986	1987	1988	1989
Payment of commercial balance	103	1814	1869	2310	1772	1680	2178	3850	2050
Payment of current account	-833	1040	1160	1719	1381	1395	2043	3922	2514
Total general cash flow	-1381	807	10	128	-317	612	1041	-285	1252
External debt	6830	6875	6272	2106	174

Source: Văcărel, 2001, BNR, 1991-1995

As other states, Romania loaned very much of the capital markets at the end of the '70, when credits were very available because of the abundance of petrodollars. Credits have been made on short and medium term, with the goal of increasing industrial capacities, covering the market and to pay debts from exports. The financial crisis from after the second petrol shock (1979) and dollar appreciation because of the increase of interest of intervention of the Federal Reserve generated a demand reduction at a global economy level, which led to massive difficulties for all the states which loaned money in the recent decade (LeRoy and Pulsinelli, 1987). Romania entered the situation of not being able to pay in 1982 (Văcărel, 2001). To repay the external debt, the only sources of finance were international trade and state's external claims. Pressure was being put on the commercial balance. In order to get a surplus of it, politicians took decisions regarding drastic reduction in imports, limitation of raw materials, materials and fuels for production, giving up imports for completion (High tech products which cannot be made in the country) and preoccupation for fabrication licenses and modern equipments. Such measures have affected only the competitiveness on medium and long term in industry and life quality.

After the 1989 revolution, the new government had an important cash reserve, but it was finished in less than a year because of import goods consumption (Văcărel, 2001). Therefore, at the end of 1989, payment balance shown, on the convertible division relationship, an active payment of 1,58 billion USA dollars, and on the clearing relationship of socialist states a passive payment of 0,16 billion transferable double. After a year, currency reserves from the whole banking system limited at 230 million dollars, the equivalent of almost a month from the import necessity (BNR, 2001).

Therefore, the Government interfered and concluded the first agreement with the International Monetary Fund, receiving access to a financing of 772 million dollars. Other sources of finance attracted had raised the debt to 1,1 billion dollars at the end of the year (BNR, 1991-1995).

The agreement with IMF, as well as the ones that followed, took place from the necessity of being able to finance the chronically commercial deficit of Romania. The other option was to enter in incapacity to pay. For this, post-December governments tried to equilibrate the external payment balance through covering the deficit of the current account, meaning the situation in which the value of the goods and services of export is lower than the value of imported goods and services, through a surplus of the capital and financial account, meaning that this net sale of financial actives and materials (terrains) abroad. The foresights of the IMF agreement fixed the transition strategy, characterized by Cătălin Zamfir (2004) through the following elements:

- taking over the neo-liberalism spirit of the '80;

- state draw back from restructuration and rebirth of economy;
- economy structure through fast and complete introduction of market economy mechanisms and privatization;
- supporting a social minimalist policy, according to neoliberal policy;
- the deficit of assuring rights and security of persons.

The economy has passed through two severe recessions, 1990-1992 and a long period of inflation, with two hyperinflation flares in 1991-1994 and 1997-1998 (Georgescu, 2001). As a result, the public expenses had been reduced drastic, in which the afferent ones to building houses. On the other hand, salary incomes cut down. In 2000, the real average salary was not even of 60% of the force of buying from 1990.

The second stage, which started in 2004, represents the rebirth of house demand. This fact was possible through a set of factors, rebirth of economy, economical growth and so the real increase of salary incomes in 2001-2004, a successful process of deflation and massive enters in foreign west - European capitals, especially banking, because of the European integration. Therefore, we reached the second part of 2004 to a nominal and real appreciation of lei from the main convertible divisions, euro and dollar. This fact was possible because of two factors: external fees of labour force in Romania who migrated to the west of the continent and enters of foreign capitals through direct investments and loans from the mother-society. We reached the situation in which the current account deficit, although increasing, is in surplus by the enters of capital on the financial account, so that we are taking part to net enters of currency on the Romanian market (BNR, 2004-2005). All these factors stimulate the consumption, mostly after a decade of restrains. Therefore, house demand exploded, in conditions in which the offer maintained the same rhythm of 30.000 locative unities per year. From here a strong contradiction and finding an equilibrium of the market at inaccessible prices for most of the young.

Three factors are decisive in house demand evolution, keeping the costs of a house high. To remember is the fact that they did not influence the first part of the transition. Moreover, despite then, it is easier to get finance for constructing houses; the problems have other nature.

(1) *The deficit if labour force.* As a result of the free circulation of people through visas for Shengen, over 3 million Romanians went in the Occident. Most of them occupied the on labour market the offer of labour force in the construction sector, jobs with low salaries and qualification (low skilled, low paid). Practically, the Romanian economy does not generate in an important amount new work places, as they raise the salaries of the already employed persons. This is a very dangerous fact for the construction domain, because labour force is more expensive and they

cannot afford easily, and raising salaries means cutting from the profit rate. Therefore, physic, there are not enough workers for a massive re-launch of house building, although the number of employees in constructions has increased with 13 %, as a result of the training effect given by the current economical growth.

Table 16 - Employed in constructions and in all the economy, 2004-2006 (thousands)

	Dec. 2004	July 2005	Dec. 2005	July 2006	Nov. 2006
Total employees in constructions	315,2	353,8	341,4	354,4	361,3
Total employees in economy	4398,3	4567,5	4501,2	4617,4	4603,4

Source: BNR, 2005-2006.

(2) The price of construction materials, especially the price of cement. In May 2005, The Competitor Council decided to punish the three producers of cement from the Romanian market, Lafarge, Holcim and Carpatcement with a penalty higher than 27 million euros, for concentrated practices if settling together the sale prices for cement. On 26 December 2006, the delegate minister for public works and territory design, Lazlo Borbely, accused the producers of cement from Romania that they have increased prices without justification with 15-20 %, taking advantage of the boom in constructions (Gândul, 2006).

(3) In conclusion, the third factor is related to the lack of terrains for residential constructions. The terrain concentration from around capital raised the prices very much, so that companies which want to build have difficulties in finding the favourable places. Therefore, many offers have appeared for new build constructions in Buftea, Chitila, Otopeni and other outskirt regions.

The prognosis of the actual factors

It was expected that the house problem for young to not know an improvement. The factors which influence the market - macro-economical conditions, the governmental strategy from the domain and the three factors that inhibit the rebirth of house offer (labour force, terrain price, cement price) - to remain on the same coordinates. In 2006, the economy raised over 7% in the context of severe external deficits. Romanian's net passives reached 57 billion Euros in September 2006, an the external debt on medium and long term 27 billion Euros until de end of November, The account's payment of the cash flow reached 8,8 billion, being totally covered by entries of 14,43 billion euro on the capital and financial account (BNR, 2006). So the component demand from the real estate market will continue to maintain high prices. Although the offer is increasing, according to the construction authorizations and

execution work (table 8 and 9), this is not meaningful. A growth of 10-15 % to an offer of 30.000 locative unities is too little in comparison with the deficit of 1, 6 million houses.

Conclusions: Prognosis of the problem's dynamic

The prognosis of the problem's dynamic for young can be made from two points of view, different, cut complementary. The first one is related to the fact that you must realize the problem, and the second in a more objective approach of the facing chances with a deficit of 1, 6 million houses.

More than a generation, access to a house has been a difficulty, although sometimes living conditions presented quality minuses (Zamfir, 1999; Dan, 2006). The two waves of recession and poverty which have marked the socio-economical evolution of Romania in transition, 1990-1992 and 1997-1999, have brought a series of social problems, in which the sudden slowing down of the construction rhythm of houses until an unimportant total.

To the half of the early decade, opinion studies shown that fact that house problem for young is one of the latent social problems of the Romanian society. The social effects of lacking a home, with the wide competition and other factors, made their presence felt- overcrowded constructed blocks in 1960-1980, the decrease in wedding and birth rate. Since then and until now, not being pleased of the government's activity in house domain have become constants of opinion surveys. In the '90, house problem for young did not pass the period of latent. The motive is that, although it is accepted as a social problem, other problems have entered manifest state, being then in the center. That "something", always more serious, without which other solutions could not exist, was in fact economy, but under certain names - transition or reform. With the passing of time resignation has appeared, as for many problems, because no matter what decision, many felt that the situation is following the same path. That is why the debate moved on finding the guilty ones, and not the causes, and the only challenger to the position of central economy was a struggle against corruption, as a form of shocking what was seen as a blocking in the system. Suiting the battle against corruption to real problems of the Romanian society reminds us of the naked king.

The chance of house problem to become a manifest one, meaning that the recognition should be followed by an active attitude, a will to act, is higher than the actual context. European integration and rebirth of economy after the year 2000 gave the start to a process in which aspirations for a better life do not seem real, like in the '90. In a degree, we can say that a continuous series of 8 years of economical growth gave more confidence in their strength. For now, individual solutions are

needed to house problem. The path towards a status of manifest problem consists in eliminating the resign of the society.

Objective approach can be made only by taking into account the new context of the Romanian economy. If, until 2002-2003, house problem was determined by the fundamental weakness of Romanian economy, external deficit, European integration can give a new reality. Paradox, external deficits still exist and are growing, but the Romanian economy has lost a part of the national character- and, through this, some vulnerability – in favour of a regional economy in the frame of the unique European market. The fundamental line of economy was taken over by the west-European capital (banking system, energy sector, telecommunication), and through these, neither supporting the external finances are nor a problem any more. Where does the house problem for young fits in the picture?

The 1,6 million deficit local unities at a national level can be reduced through the present rhythm of constructing houses, somewhere about 40.000 locative unities per year. Even in the conditions of a more sustainable growth of the construction rhythm from year to year of 10-20 %, the premises for a structural solving of the problem are missing. Here bifurcation appears. A possible scenario could show the fact that such a rhythm – in the limits given by the possibilities of construction firms and labor force to work, of the cement price and other materials and terrain speculation – is enough. Banks would give financial products to those worthy of them. So, it is possible to appear in Romania suburbs like the American ones, the calm societies, protected by formal or informal walls by the rest of the world which remained in the communist blocks. Of course, such a scenario encourages migration.

The second scenario implies, if not the centralization of the house problem, then at least placing it as a manifest problem, as close as possible from centrality. Present, the conditions of a dysfunctional market are here, with the lack of transparency and information, which brings transactional costs more higher for almost all the ones involved. The house is no more just an ordinary good subjected to transaction, or it is perceived as the ideal investment, with the minimum of innovative effort and the maximum in reward, but the essential part of the chance to have a normal life, to be included in society, according to the European social model of a society capable to face risks, with a solid social contexture. The meaningful decrease of the 1, 6 million houses deficit does not imply just a governmental policy rigorously conceived, elastic in means, but a living policy from the urban development perspective.

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