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Post-1989 Privatisation of Housing: Case Studies of Praha-Libuš and Bystřice nad Pernštejnem

It is worth, in times of the current housing crisis, to look back at historical moments, when housing policy could have been shaped differently. Most of Czech towns and cities today have little to no municipal housing stock and therefore limited capacity to support vulnerable households or influence market prices. The same municipalities, however, entered the post-1989 era with a generous gift of the local housing previously owned by the state or state enterprises.

In the project on which I participate, we examine the process of privatization of the municipal housing stock during the decade following the end of state socialism. In several case studies focused on different locations throughout the Czech Republic, our aim is to show, why out of the range of options available, the local politicians usually chose to privatize most of the municipal housing property.

Examined city-council records suggest that their situation was hardly easy. Newly self-governing municipalities lacked both resources and experience in handling large-scale real estate. Old houses from the interwar period as well as the prefabricated panel blocks from the 1970s and the 1980s required huge investments for basic maintenance, modernization or adaptation to new ecological and energy requirements. Funds for those investments were lacking, especially given regulated rents keeping the revenues low. It is therefore logical that municipalities often sought to privatize the housing stock as quickly as possible, rising funds for other essentials.

In my contribution to the project so far, I have examined two rather specific cases, one on the outskirts of Prague and one in the heart of the Bohemian-Moravian Highland. In Praha-Libuš, a small municipality on Prague's southern edge, the privatization process was fairly typical, with the tenants quickly succeeding in acquiring all municipal flats. What continues to cause controversy to this very day is the housing estate owned at the time by the semi-state energy giant ČEZ. The company, itself privatized in 1994, missed the opportunity to sell the roughly 800 flats to the locals for a significantly reduced price, as was the standard at the time. When the estate was finally sold in 2016, it was bought by real-estate tycoon CIB Group, which had little incentive to consider the interests of the tenants – many of whom had participated in building the estate back in the 1980s. This case tellingly illustrates the shift in the perception of private property during the post-communist era. Whereas in the 1990s actors were still shaped by the socialist praxis of de-facto “ownership” of flats by their tenants (and thus rarely considered selling the flats at full market value), further to the twenty-first century this ceased to be an issue.

Another example of “socialist thinking” appeared in the Moravian town of Bystřice nad Pernštejnem. In 1997 were the town's two major housing estates transferred free of charge to public hands from the local uranium mining company. The town leadership then decided not to follow an example of surrounding cities to sell all the flats to the tenants. After several unsuccessful attempts to negotiate a workable agreement, the local politicians stopped the privatization altogether. This “Viennese model” – praised nowadays by urbanists and left-wing politicians alike – includes the town's monopoly on providing heat and energies. Together with rent set almost at market level, this ensures financial sustainability of the whole town-owned housing enterprise.

Profitability, however, does not appear to have been the primary motivation. Both the archival study and interviews with actors themselves suggest more contingent factors such as personal relationships and administrative failures. Moreover, a right-wing-controlled city council seems to have doubted the capabilities of their mostly mineworker neighbors to manage substantial private property. In this context, the municipal housing stock functioned as a tool of social care – but also of social control.

As these two cases suggest, post-communist housing privatization was often far more intricate than a simple sell-off of public assets. In other localities, municipalities pursued a variety of additional strategies for managing their housing stock. Mapping this diversity, and the political and social logics behind it, remains the central task of our project.

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