



CERGE-EI 


## Country profiles

Lux, Part II

CERGE-EI 

## Country profiles


- ◆ Rental model – Czech Republic, Poland
- ◆ Homeownership model – Estonia, Romania, Slovakia
- ◆ Bulgaria

CERGE-EI 

## Czech Republic

- ◆ # of dwellings in 2001 – 372 per 1,000 population
- ◆ Housing construction – started 29,000, under construction 122,000, completed 25,000
- ◆ Tenure structure

Tenure	Dwelling Stock	Family houses	Apartments
Owner-occupied	46.8	82.9	20.3
Rented	28.6	3.6	46.9
Cooperative	14.3	0.2	25.2
Tenant co-op	3.1	0	5.5
Other	6.7	12.8	1.7

CERGE-EI 

## Analysis of the Czech Housing

Strengths

- ◆ Good level of housing provision
- ◆ Increasing quality
- ◆ Transformation of housing policies nearly finished
- ◆ Standard system of market-based housing finance

Weaknesses

- ◆ Housing vs. job supply
- ◆ Under-maintenance, low level of new construction
- ◆ Low affordability of ownership
- ◆ Not defined social housing, housing policy not localized and coordinated
- ◆ Uneven relationship between tenants and landlords.

CERGE-EI

## Poland

- 2000: population 39mil, GDP/capita 4,100 USD, GDP growth 4%, unempl. rate 15%
- Rent regulation
- # apartments 289 per 1000 in 1994, 307 in 2000
- Tenure

Tenure	1994	2000
# of dwellings 1,000s	11,433.9	11,844.8
cooperatives	27.7	28.6
municipalities	17.8	11.5
state	11.0	4.6
private	47.8	55.3

CERGE-EI

## Transition 1990-2000

- limited state involvement
- importance of local governments
- new institutions - the National Housing Fund, the Housing Savings Bank, the Social Housing Association
- privatization

CERGE-EI

## Estonia: from a state controlled to Laissez Faire Housing System

- 1.4mil population, independent 1918-1940, since 1991, GDP per capita in 1999 was 3,300 Euro, unemployment 9.2% in 1999
- Ethnicity – 68% Estonians, 30% Russian-speaking
- Radical reform of the housing system – tenants in restituted housing (pre-WW-II)
- Housing Stock by ownership

Ownership	By # of dwellings
Public dwelling stock	5.2
-state	0.6
-local government	4.6
Private dwelling stock	94.8
- condominiums	25.2

CERGE-EI

## Housing systems comparison

<b>SOCIALIST SYSTEM</b>	<b>LIBERALIST SYSTEM</b>
<ul style="list-style-type: none"> <li>• Public rental housing predominates, all income groups</li> <li>• Housing mkt. controlled by public bodies</li> <li>• Subsidized rents</li> <li>• Housing stock managed by public companies</li> <li>• Supply-side subsidies</li> </ul>	<ul style="list-style-type: none"> <li>• Owner-occupied housing predominates.</li> <li>• Free housing market</li> <li>• Public rental housing for disadvantaged groups</li> <li>• Transition to cost-rent</li> <li>• Housing costs managed by private companies.</li> <li>• Demand-side subsidies</li> <li>• Cuts in public expenditure on housing</li> </ul>

CERGE-EI

## Tenure by Income quintiles, 1999

Tenure	Quint. I	II	III	IV	V (top)
Owner-occupied	77.6	83.5	85.5	83.3	84.3
Public rental	6.5	5.9	4.5	3.7	3.0
Private rental	10.3	7.5	7.3	9.5	8.8
Other	4.8	2.7	2.7	3.4	3.3

- CERGE-EI
- ## Tools to decrease rent arrears
- ♦ Taking cases to court (41% municipalities)
  - ♦ Limitation of housing services (6%)
  - ♦ Improvement of quality of services (6%) – sometimes tenants do not pay rents to enforce some of the services.
  - ♦ Negotiating payment schedules (6%)
  - ♦ Grace period (e.g. a month) (6%)
  - ♦ Selling off dwellings with arrears (6%)
  - ♦ Revoking leases or threatening eviction (12%).

- CERGE-EI
- ## Housing market and housing finance
- ♦ Prior to 1990, a small private market. Then Tallin and Taru legalized the selling of housing rights for rented municipal apartments in 1993. Also, municipal funds for housing loans.
  - ♦ Later privatization and restitution
  - ♦ Commercial housing loans initially via the Estonian Housing Fund, later abolished, now KredEx
  - ♦ Affordability of housing 16% of income for 1<sup>st</sup> income decile, 13.9 for the top decile.

- CERGE-EI
- ## Impact of housing reforms
- |  |   |
|--|---|
| <p><b>Positive</b></p> <ul style="list-style-type: none"> <li>♦ Reduced public expenditure</li> <li>♦ Higher private investment</li> <li>♦ Higher quality of housing</li> <li>♦ More freedom to owners</li> <li>♦ Justice via restitutions</li> <li>♦ More housing choices for wealthier households</li> </ul> | <p><b>Negative</b></p> <ul style="list-style-type: none"> <li>♦ Marginalization of the rental sector</li> <li>♦ Spatial segregation</li> <li>♦ Homelessness</li> <li>♦ Uneven regional development.</li> <li>♦ Conflicts between tenants and owners in restituted housing.</li> </ul> |
|--|---|

## Romania

- 22mil population, birthrate 1% (from 1.6% in 1990), emigration, gdp growth negative 1990-1992, 1997-1999.
- Housing stock – 56% only 1 or 2 rooms
- Ownership: 1990 33% public, 67% private, 1999 4.9% vs. 94.6%
- Low quantity and quality, 20% of Romanians live in over crowded conditions, access to utilities often problematic.
- Small construction rate, a large number of dwellings needs reconstruction
- Recently – more single-family houses, higher quality of newly built dwellings
- No clear rental regulations, changes in the legal status of some buildings are problematic, state does not invest but neither do private firms

## SLOVAKIA

- Gdp INDEX 80 IN 1993, 112 IN 2001, UNEMPL. 12.7 IN 1993 and 19.7 in 2001
- Housing development prior to 1989 – since 1975, about 97% of multiple apartment buildings were constructed using prefab methodology, Comprehensive Housing Construction & Housing Administration

	1991	2000
Home-ownership	50.2%	76.6%
Housing cooperatives	22.1	15.7
Municipalities	21.2	6.2
State-owned	6.5	1.5

## Act on the transfer of ownership of apartments and non-residential space, 1993

- Right to buy – if more then 50% tenants want to purchase the apartment building, the municipality has to sell it.
- Price restrictions – mandatory discounts, some 50-70% lower than market prices
- Later – protection of private owner-ship, registry of real estate

## BULGARIA

- strong centralized management => an uncontrolled market
- # dwellings 405 in 1994, 424 in 1999, but low quality
- Current problems – rental market, low rent

	1992	2000
Public ownership	76.3%	9.6%
Private ownership	23.7%	90.4%

	Mkt. 92	Priv. 92	Mkt 2000	Priv 2000
Sofia	214 USD/m2	42	335	15