



Housing

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Ministry for Regional Development

- **Regional policy**
- **Public procurement**
- **Housing policy**
- **Tourism**
- **EU funds**
- **Town and country planning and Building regulations**





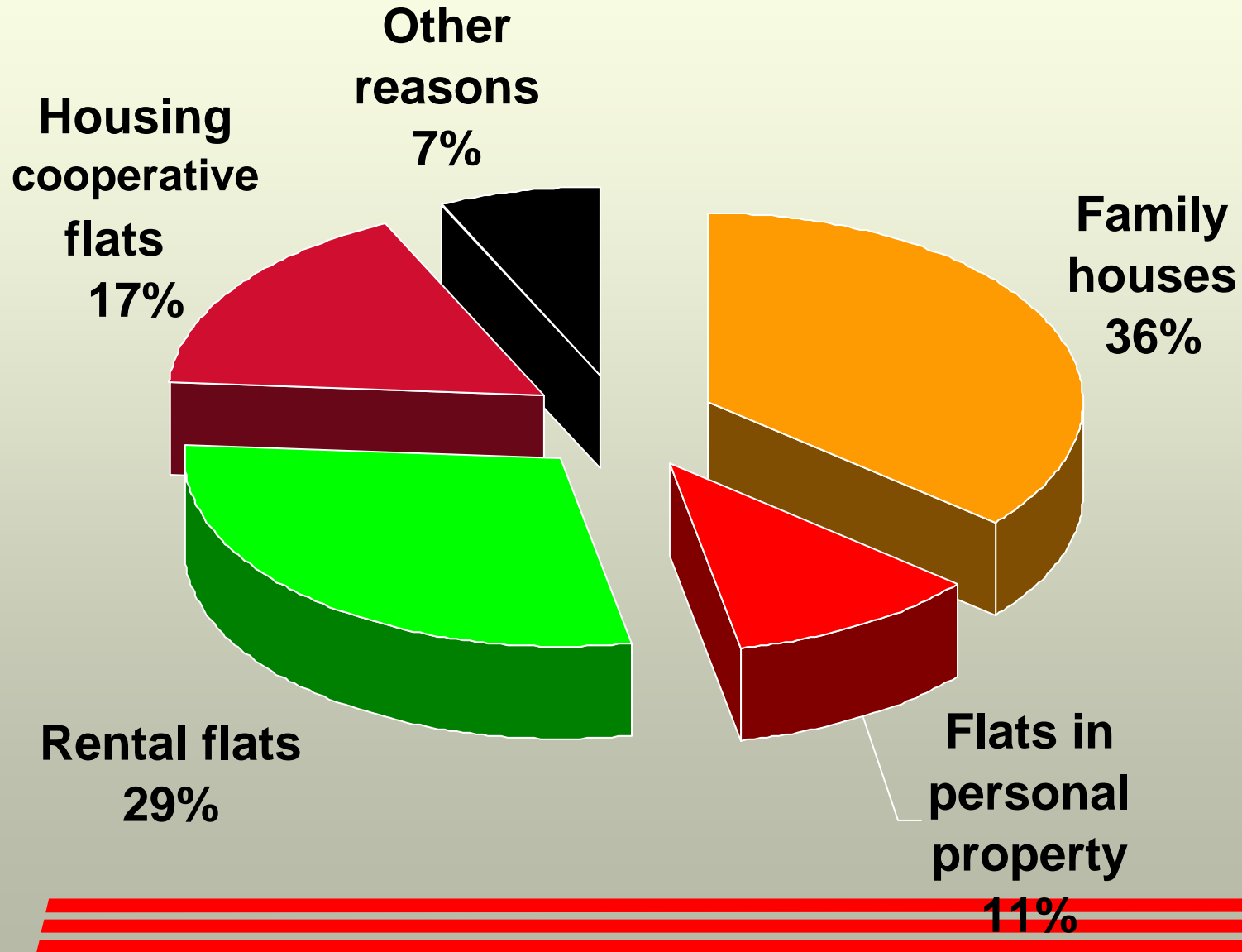
**“It is a capital mistake to theorize
before one has data.”**

Sir Arthur Conan Doyle





Housing Stock Structure





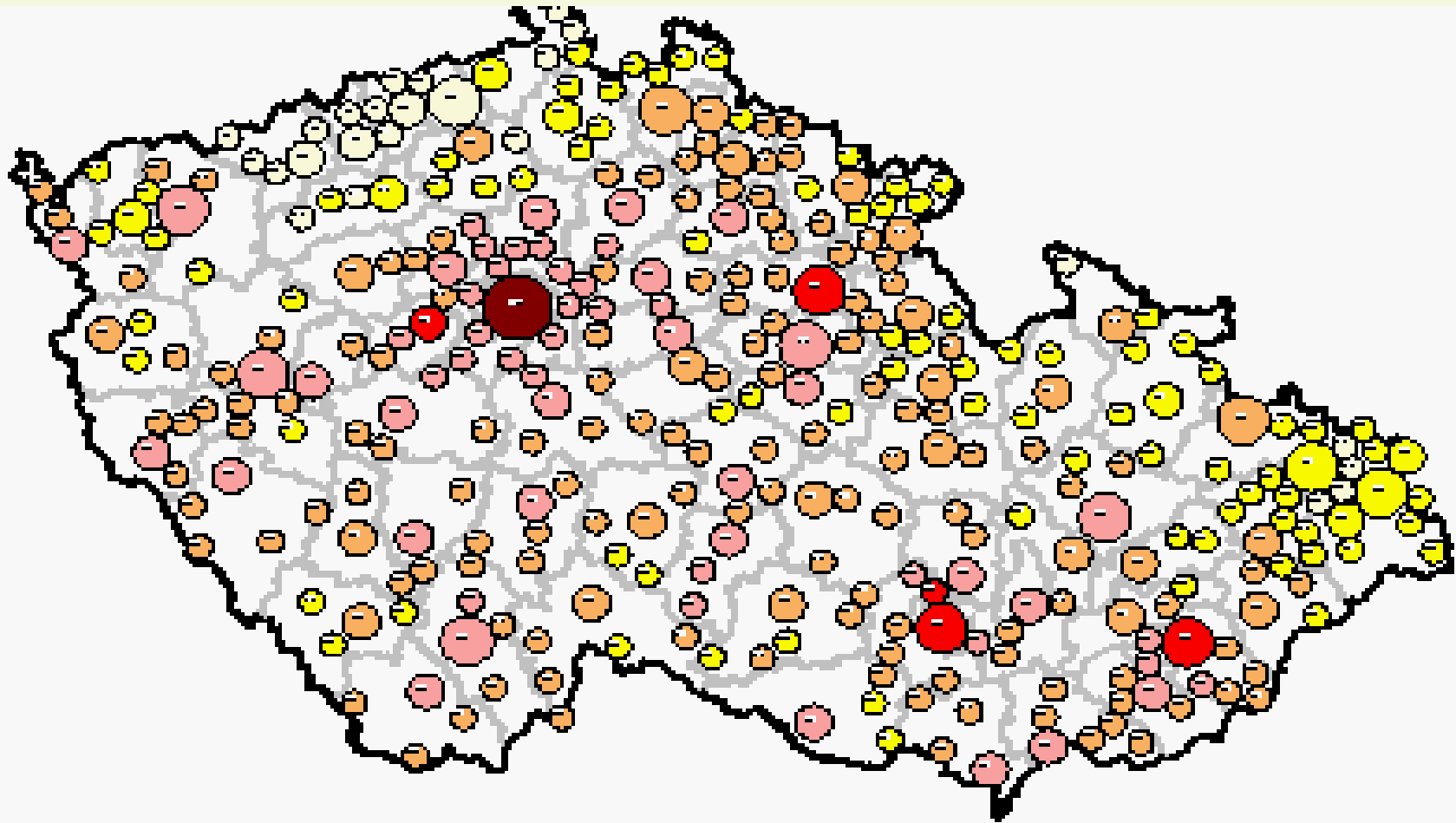
New Housing Availability in the Czech Republic

- **In the CR 0.8-1 m² of a new flat can be bought for an average wage...
(the price is higher than the wage by at least 20 %)**
- **In the countries of EU-15 - approximately 1.5 – 2.5 m² of a new flat can be bought for an average wage
(→ the price is more attainable by approximately 40%...)!)**



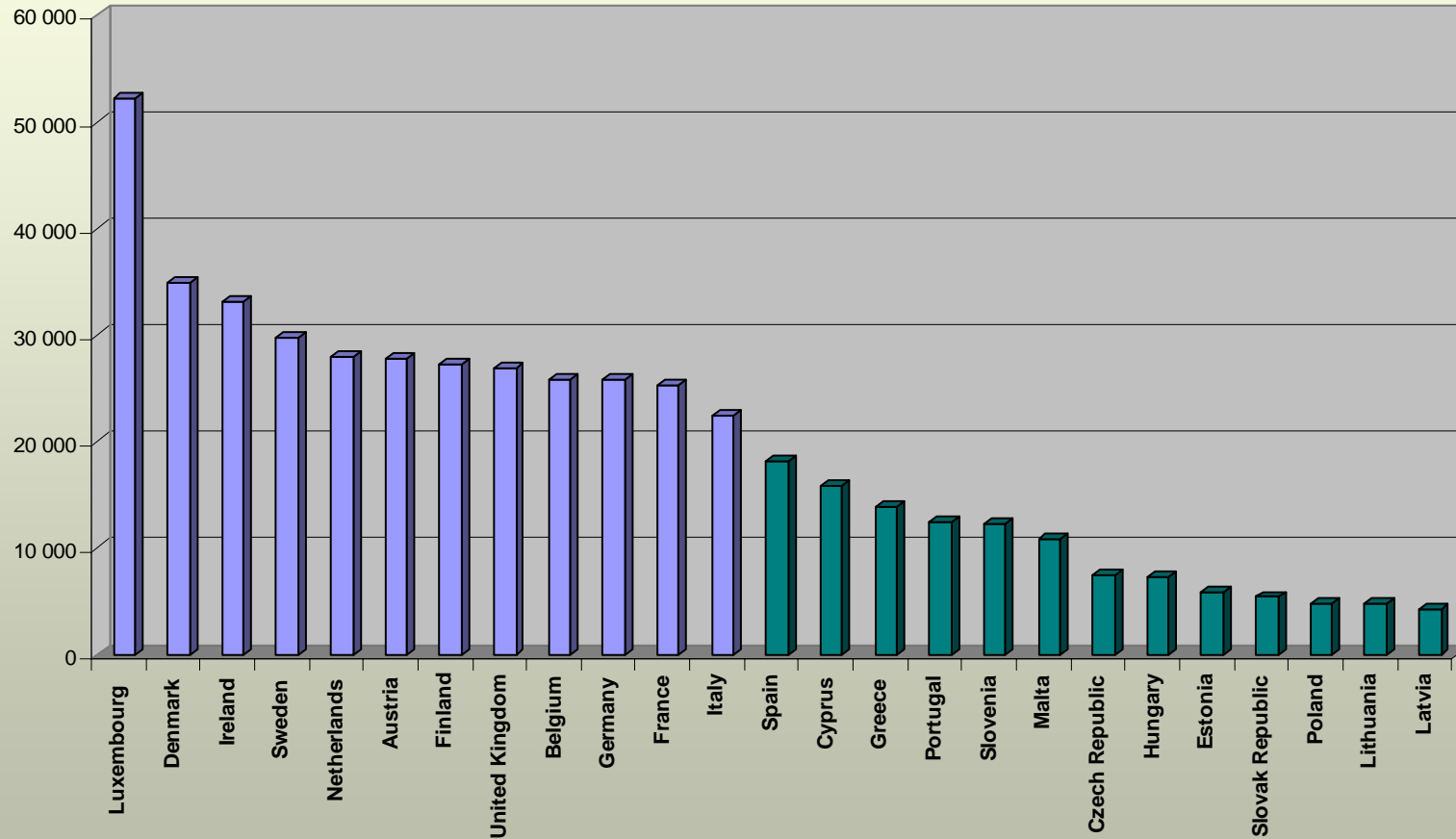


Prices of older flats in CR



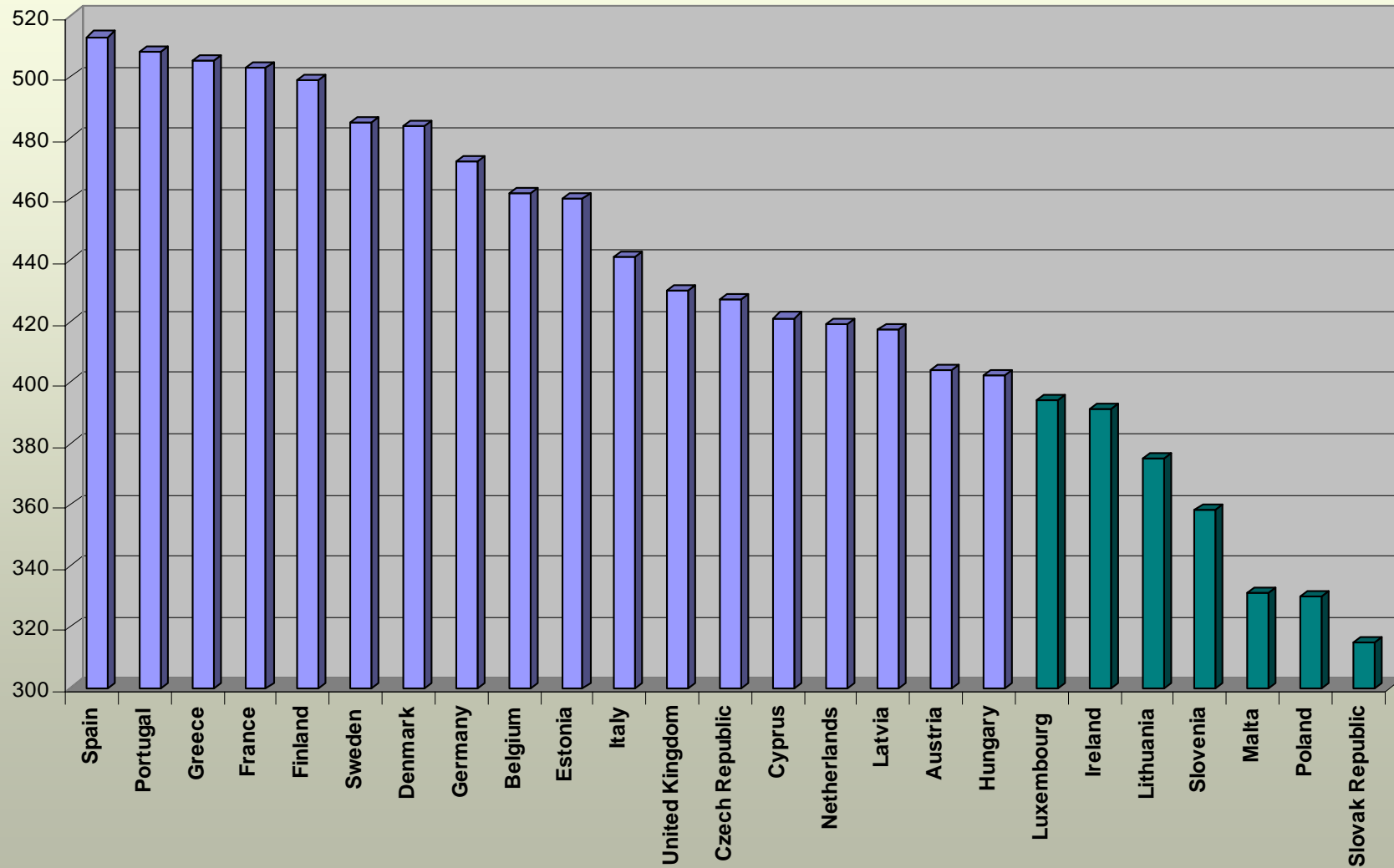


GDP per capita (in EUR)



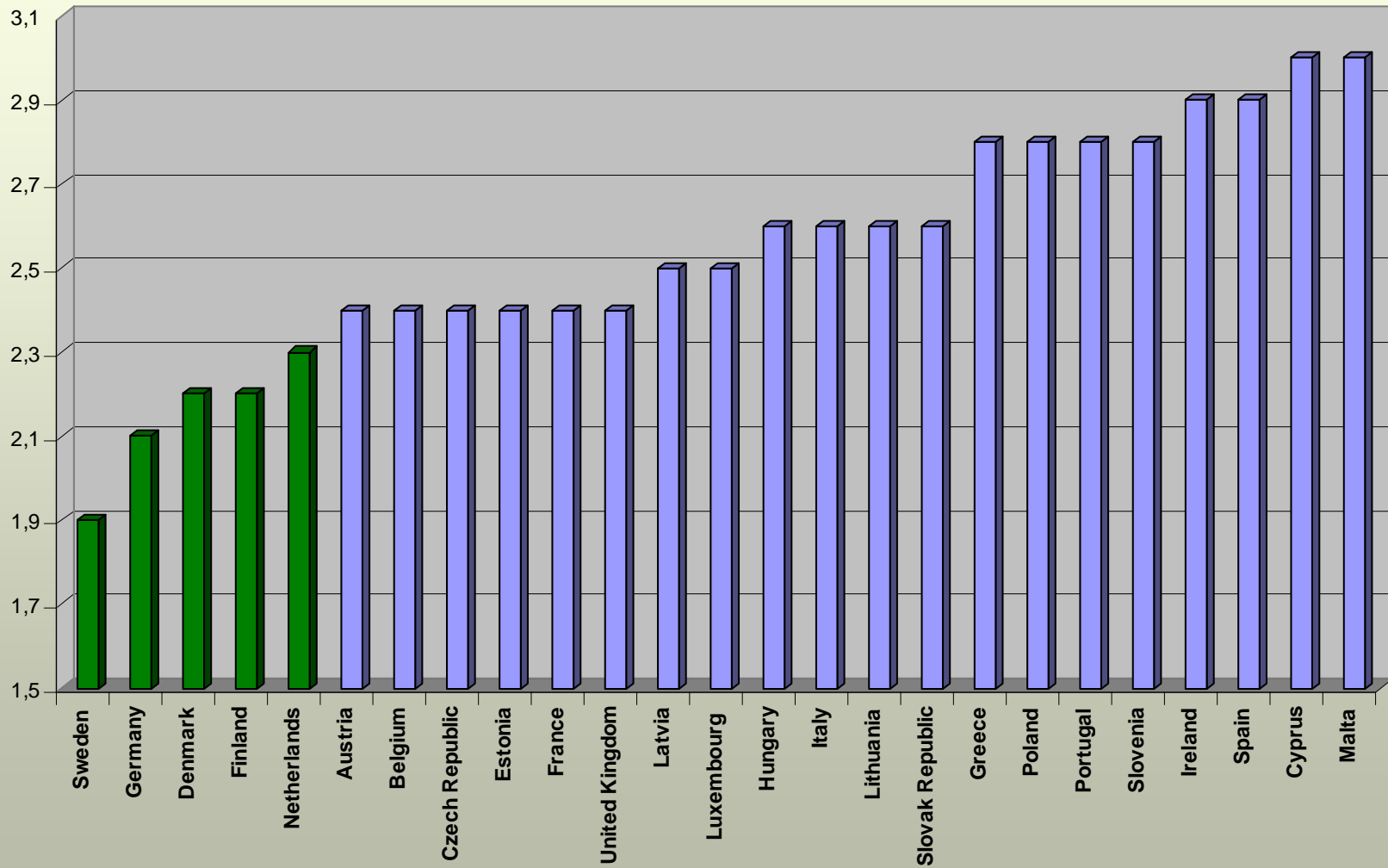


Number of flats per 1000 inhabitants



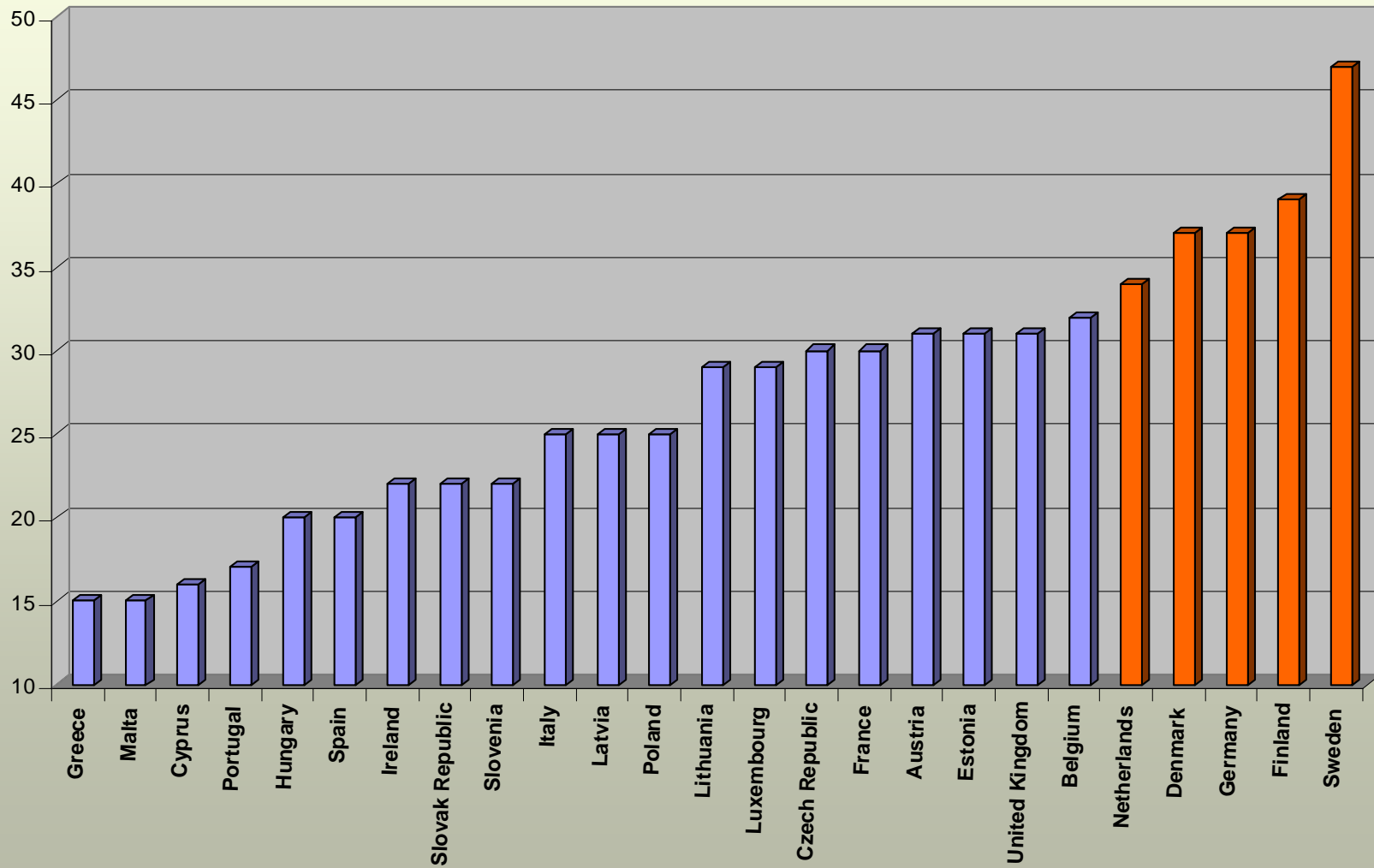


Size of households



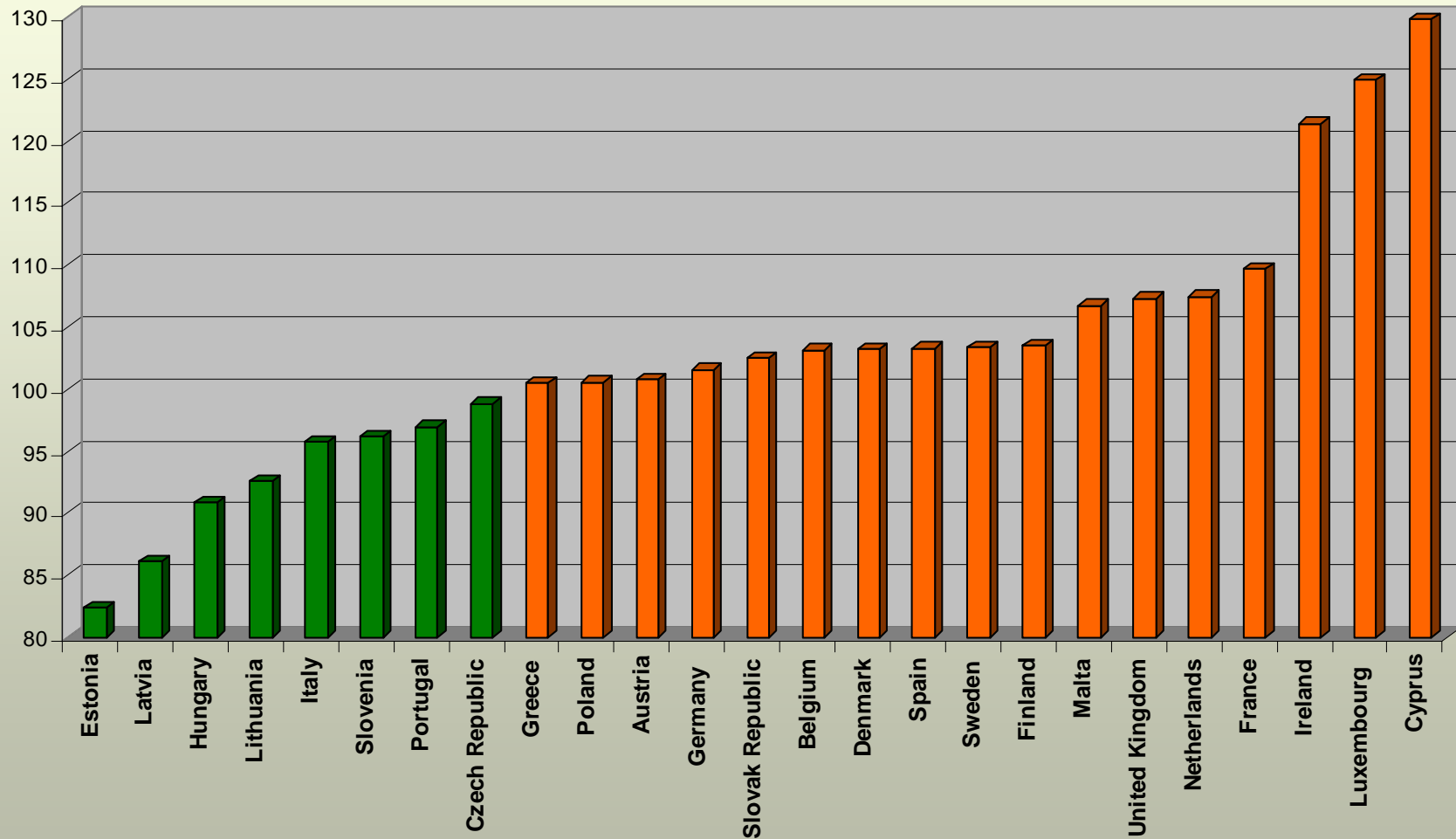


1-person households



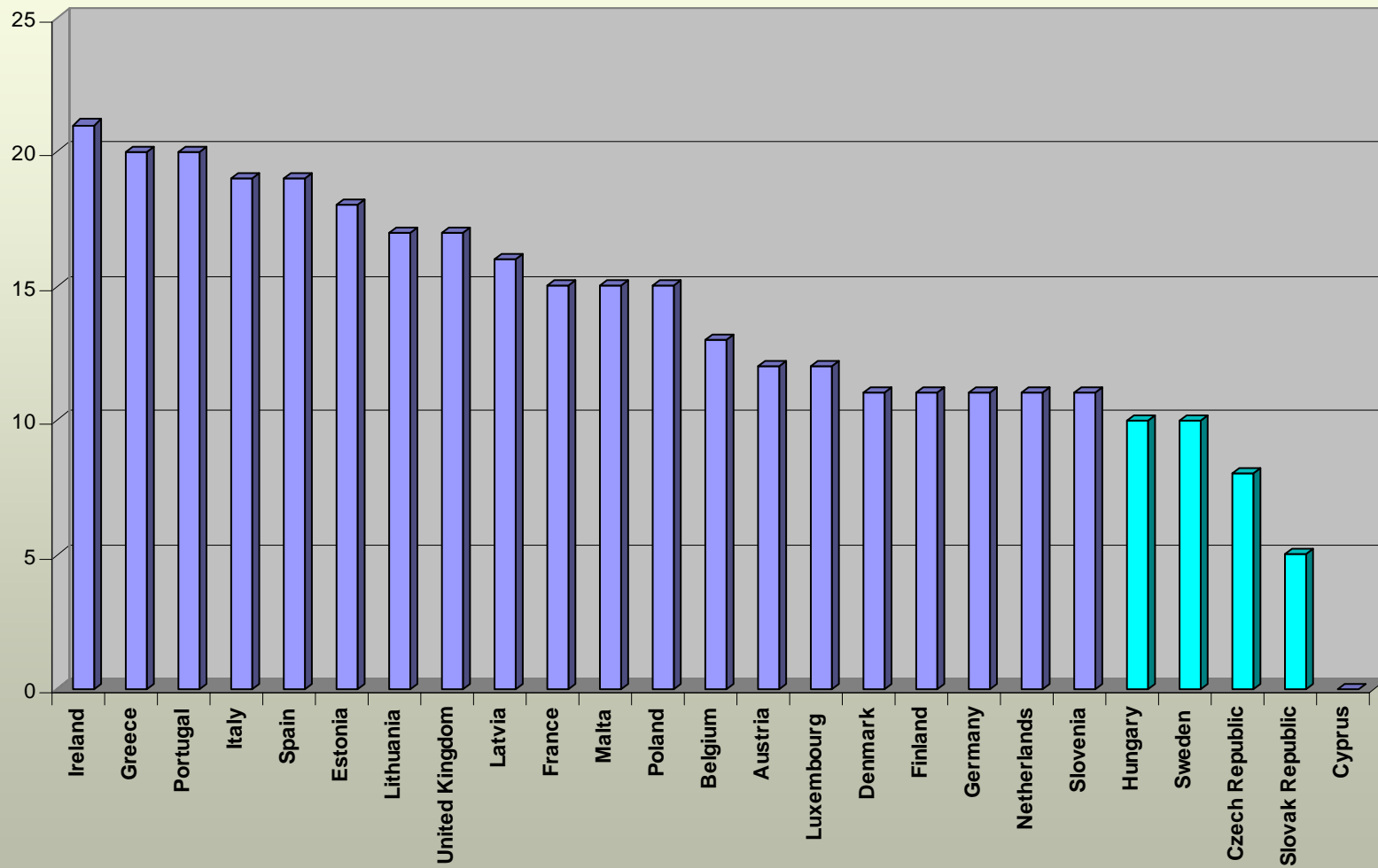


Population in 2020



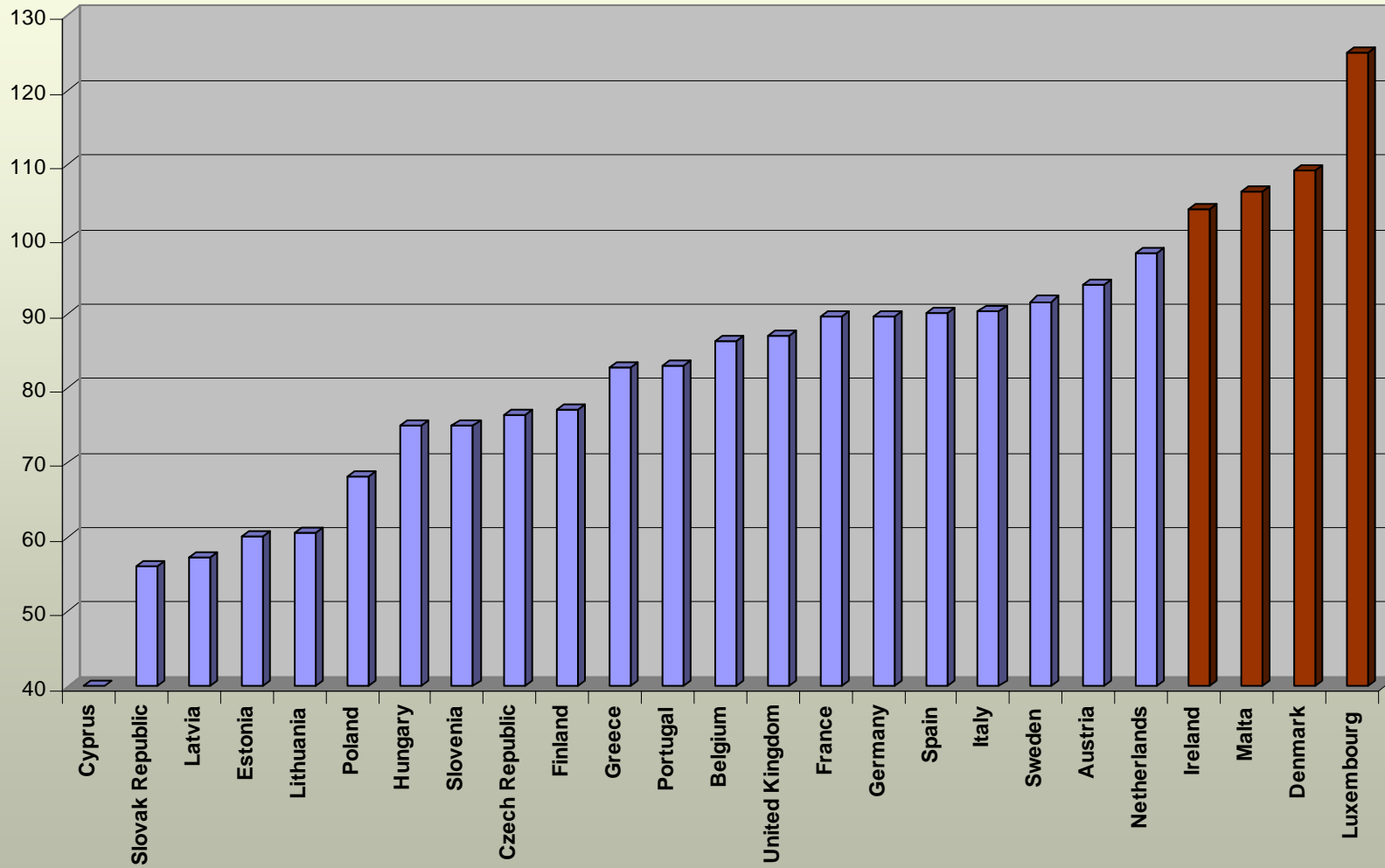


Low Income Households, in %, in PPS



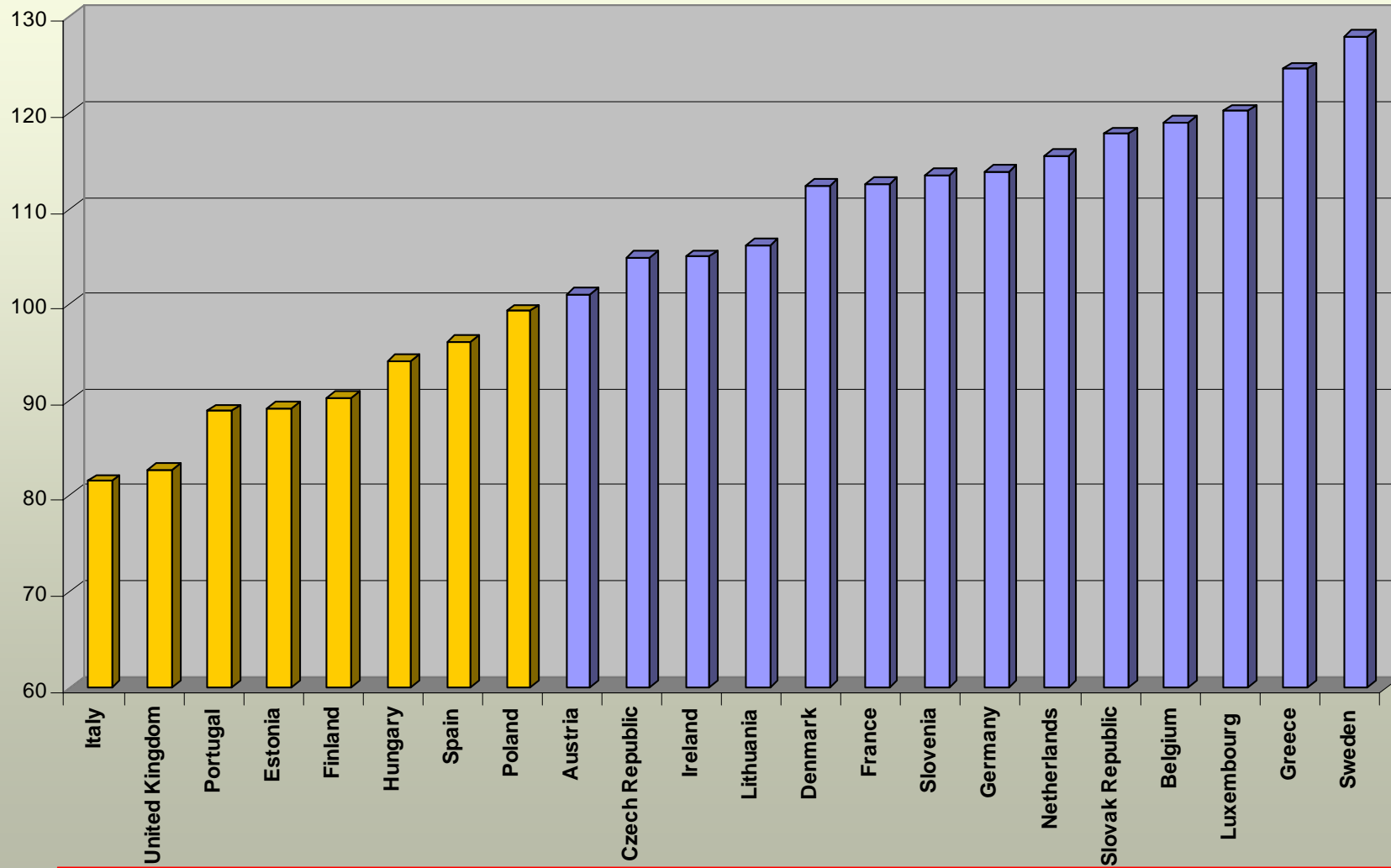


Flat Floor Area



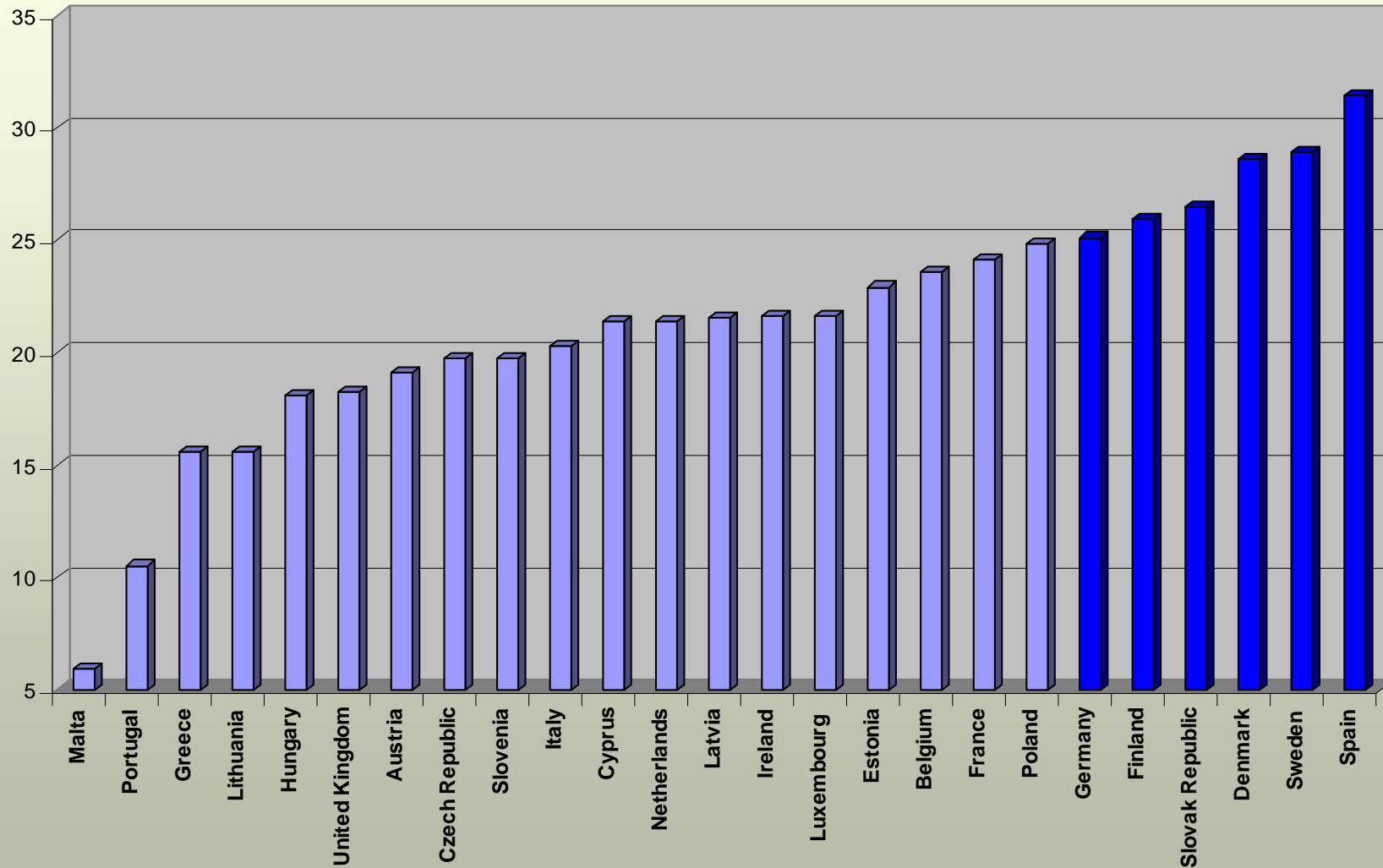



Floor Area – New Flats



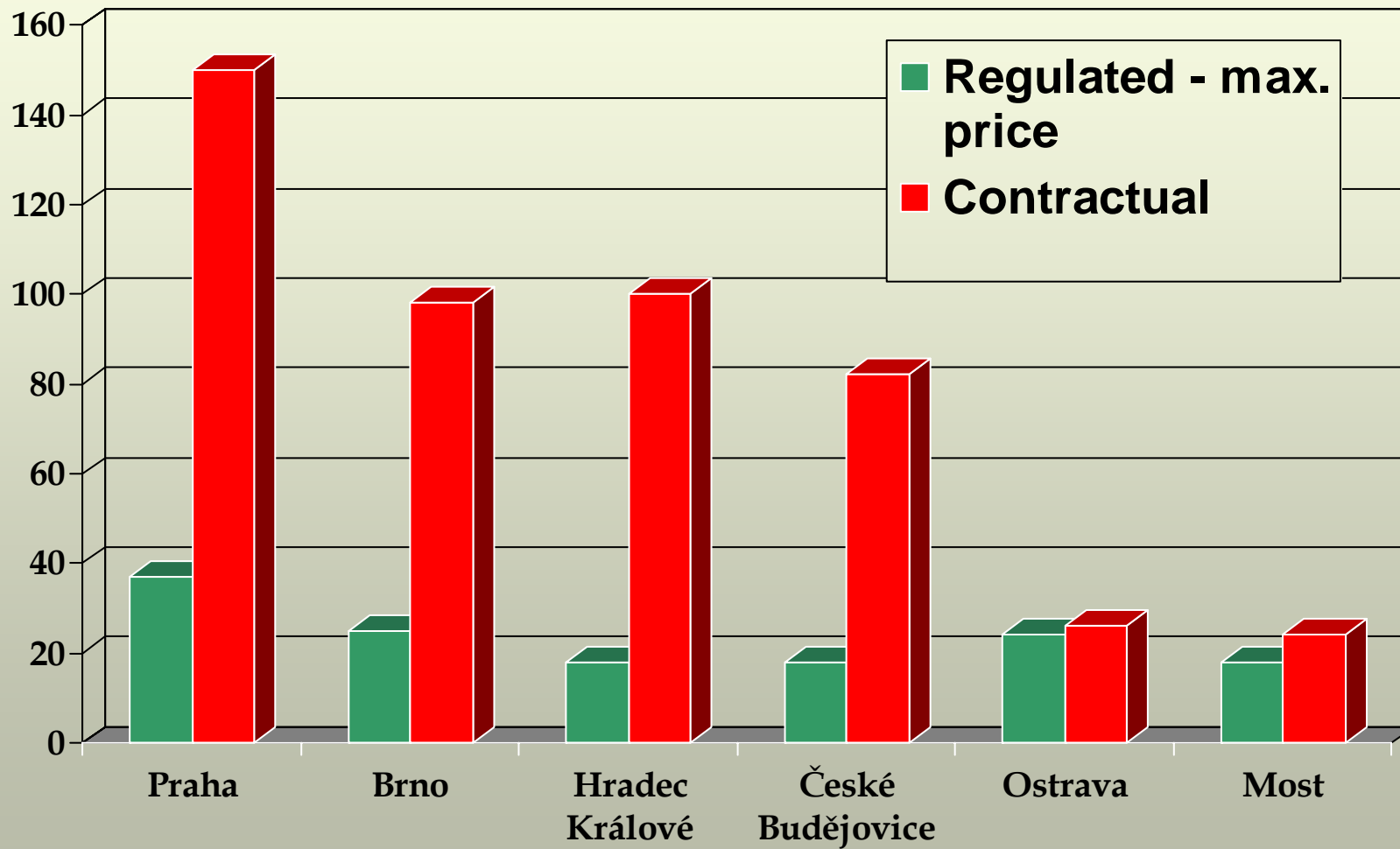


Housing Expenditures (in %)





Rent – "dual prices"



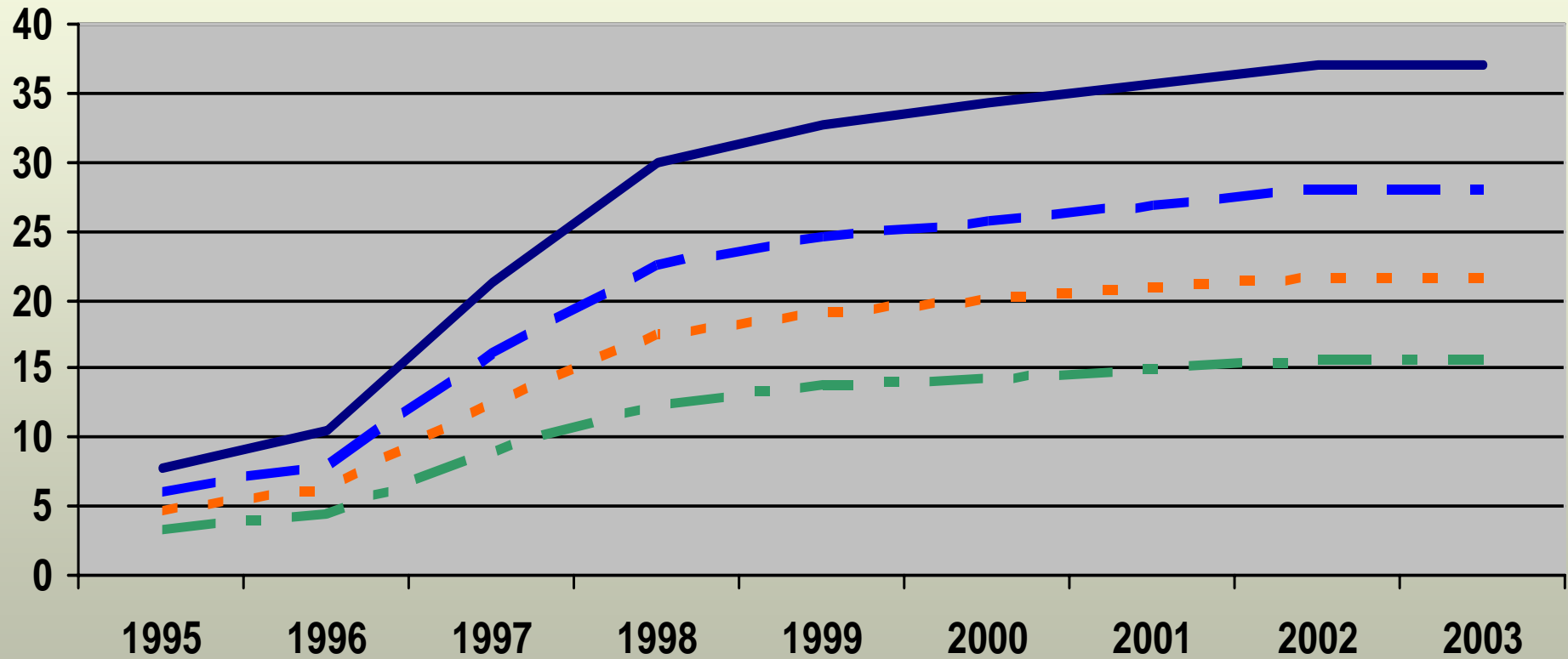


"Regulated" rent – 1st categ. flat 60 m²

Municipality size - Number of inhabitants	after 1.7.1998	after 1.7.1999	after 1.7.2000	after 1.7. 2001	after 1.7.2002 to 31.12. 2006
less than 10 thousand	735	803	842	876	911
10 to 50 thous.	790	863	905	941	979
50 to 100 thous.	890	973	1 021	1 062	1 104
more than 100 thous.	1 205	1 317	1 382	1 437	1 494
Prague	1 790	1 956	2 052	2 134	2 219

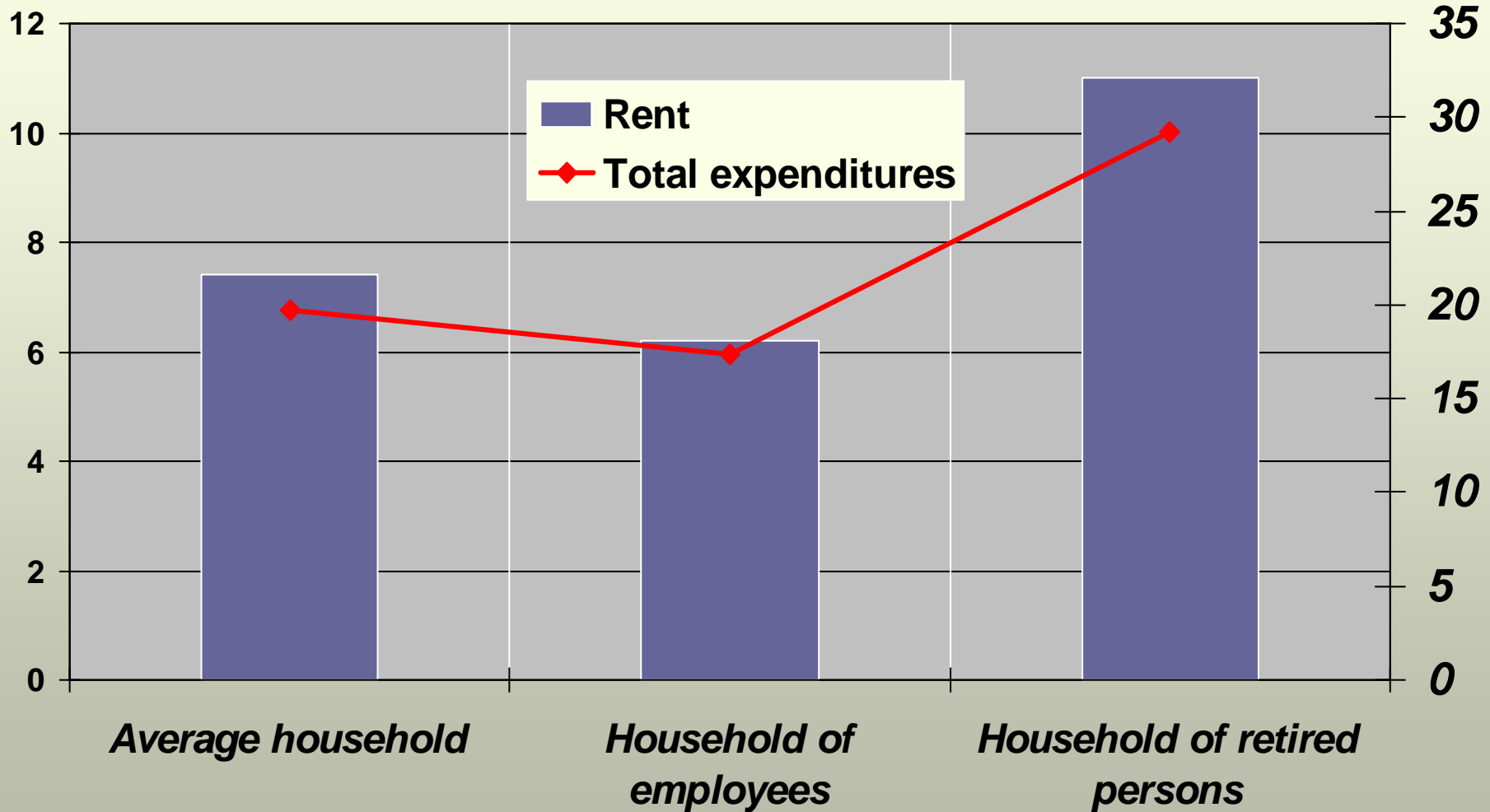


Regulated Rent – "Categories"





Housing Expenditures and Rent





Further development?





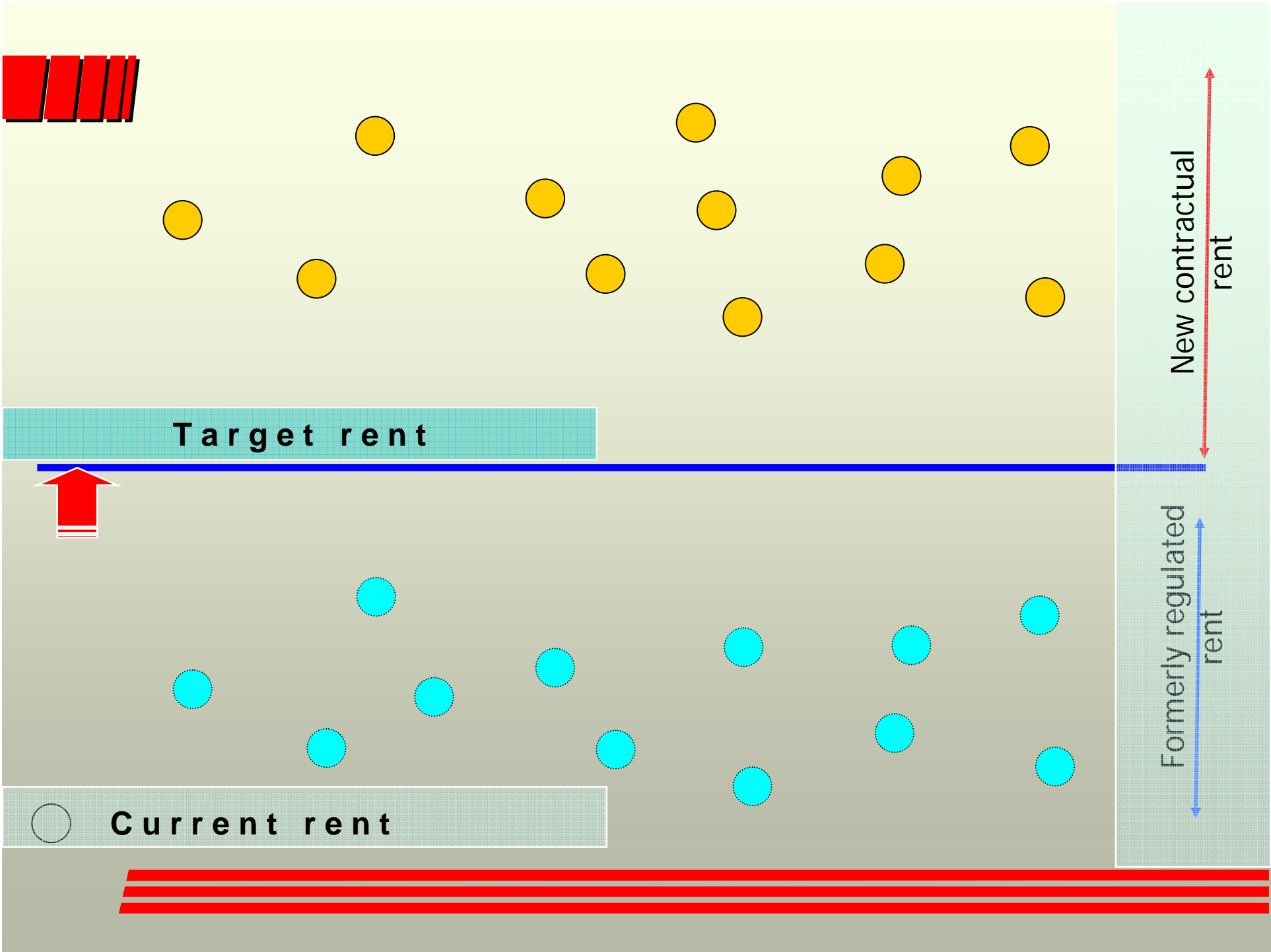
Rent - Solution

- Previous attempts to solve the problem – the „lower“ level was to increase "collectively" ... However, this would make the deformations even deeper ...
- Other solutions – At first it is necessary to successively override the existing structure (containing consequences of artificial administrative differentiations) and bring it closer to the market and only then it will be possible to enable "diversification" by the real market influence.
- In the future – agreement + reasonable protection against mistakes...

**TARGET of the reform = MARKET, not
COVERAGE OF COSTS!**

- **Distribution in time period ... regular updating.**



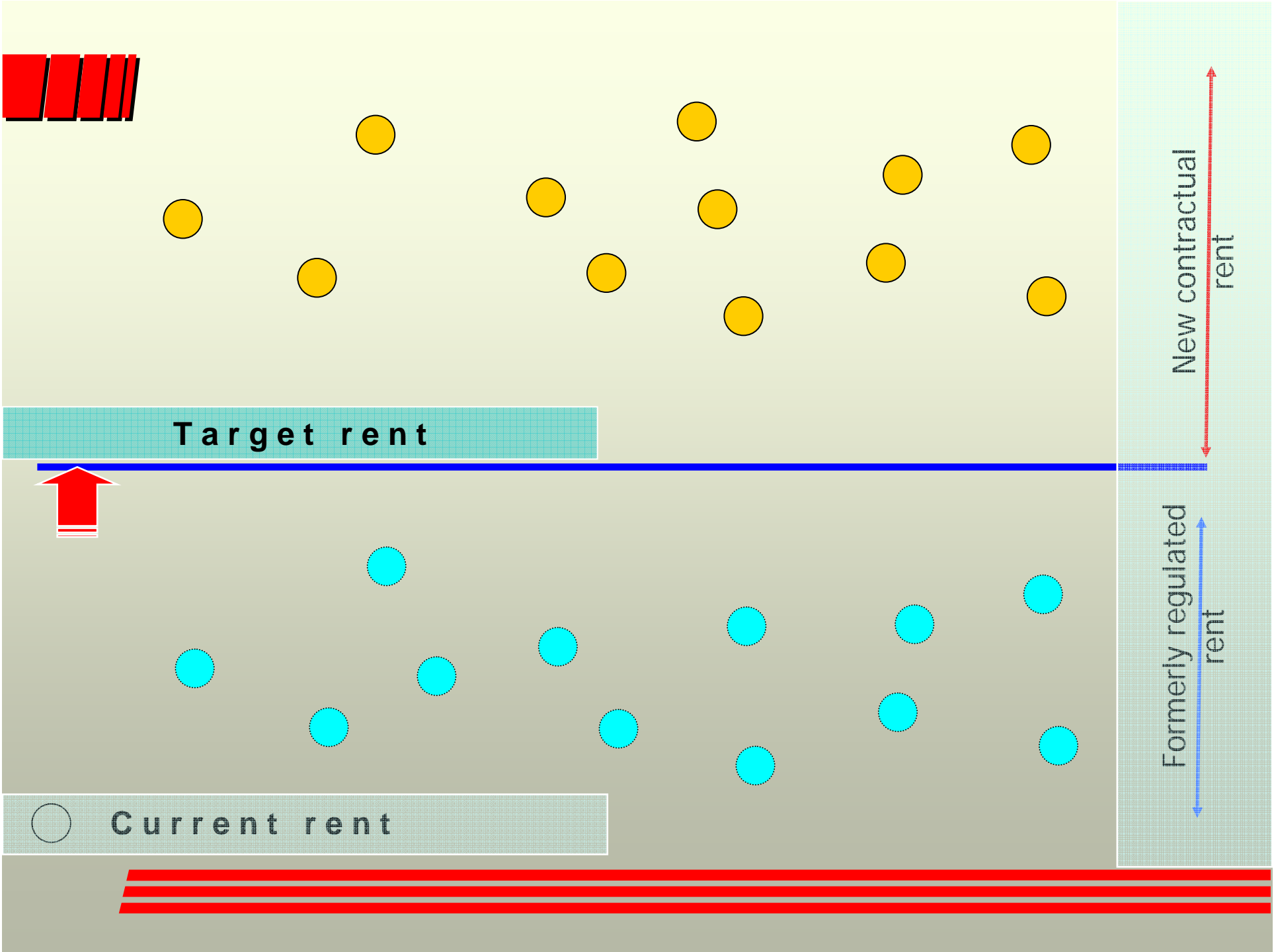


Target rent

New contractual rent

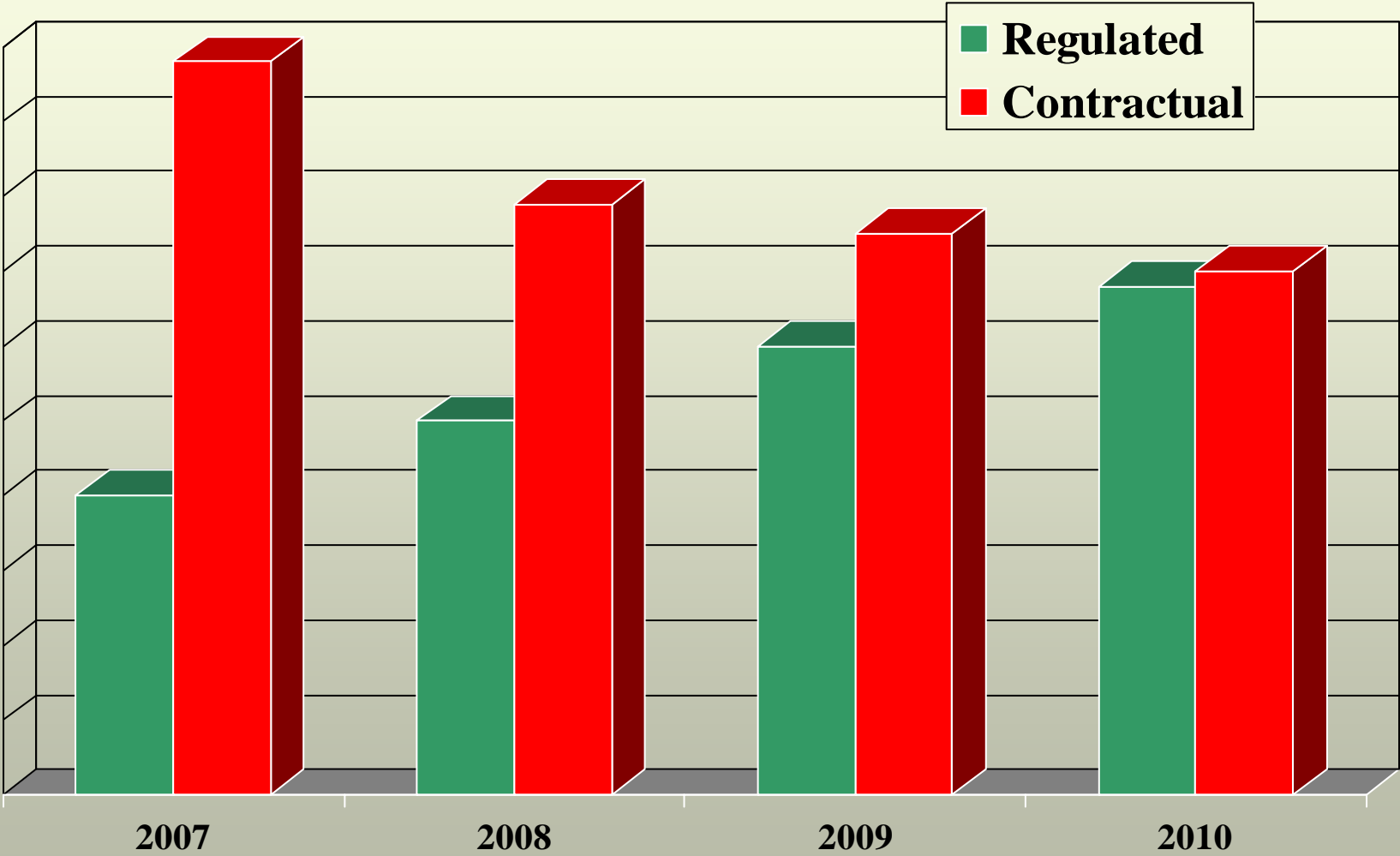
Formerly regulated rent

Current rent



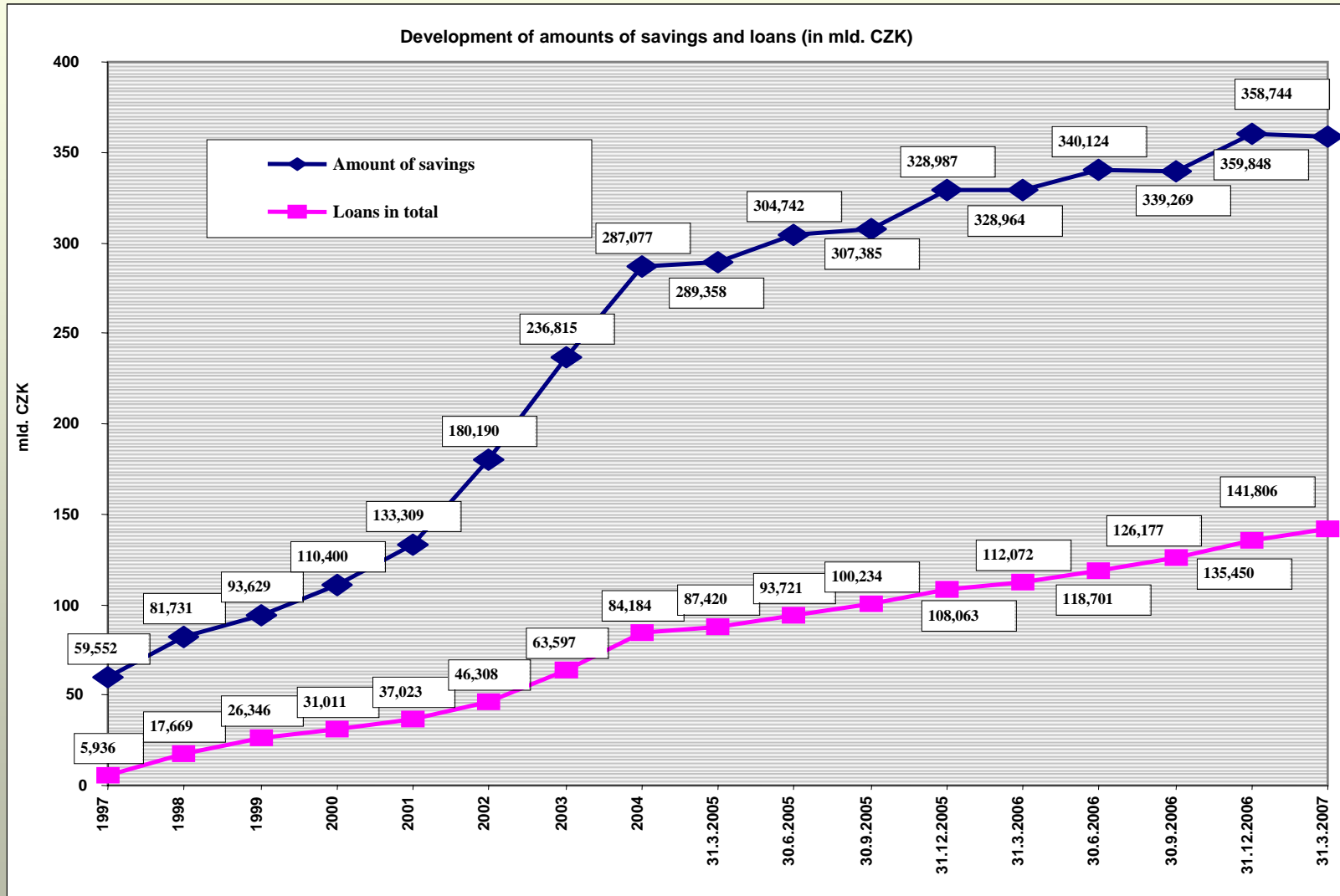


Bringing "dual prices" together



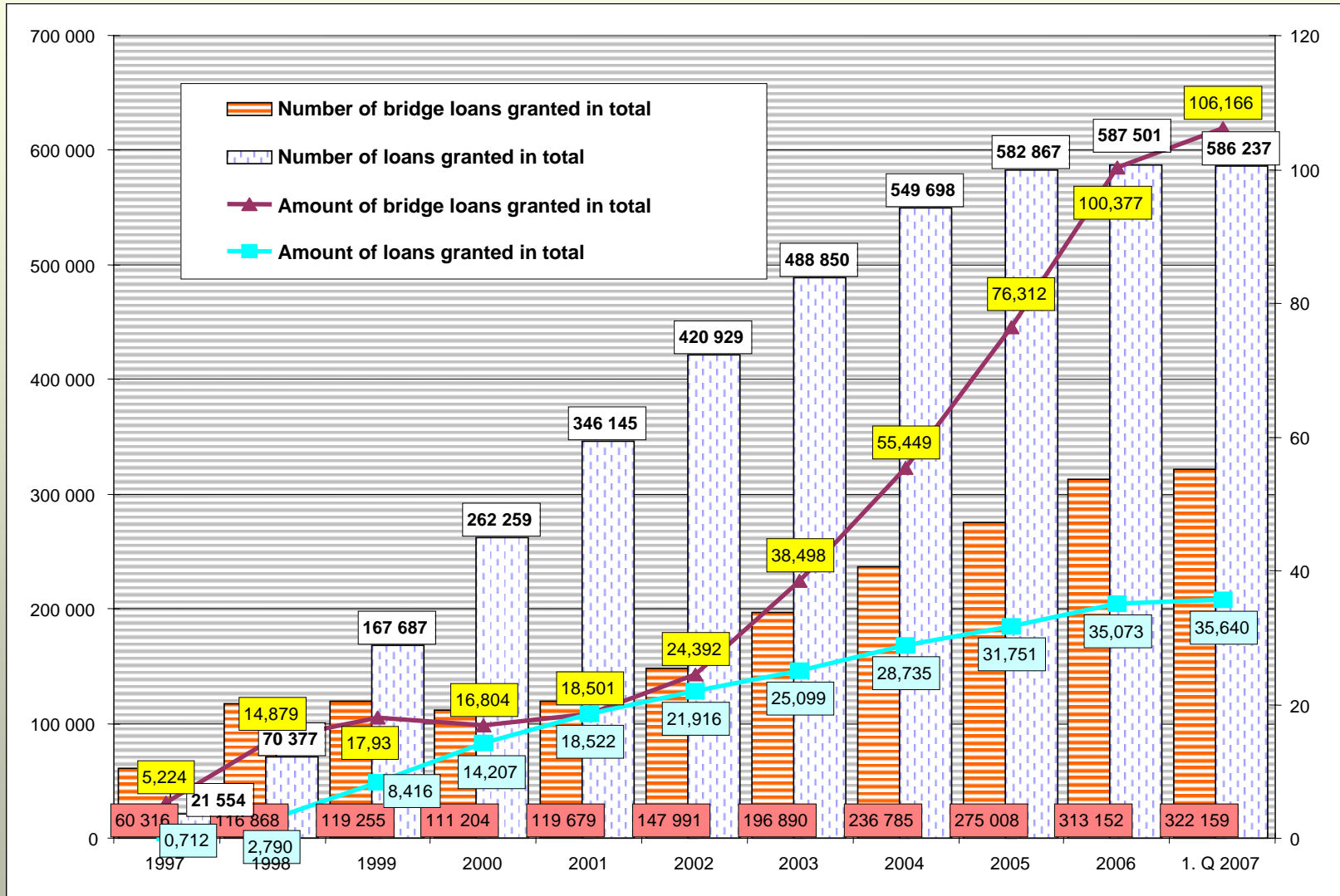


Building Saving - Development



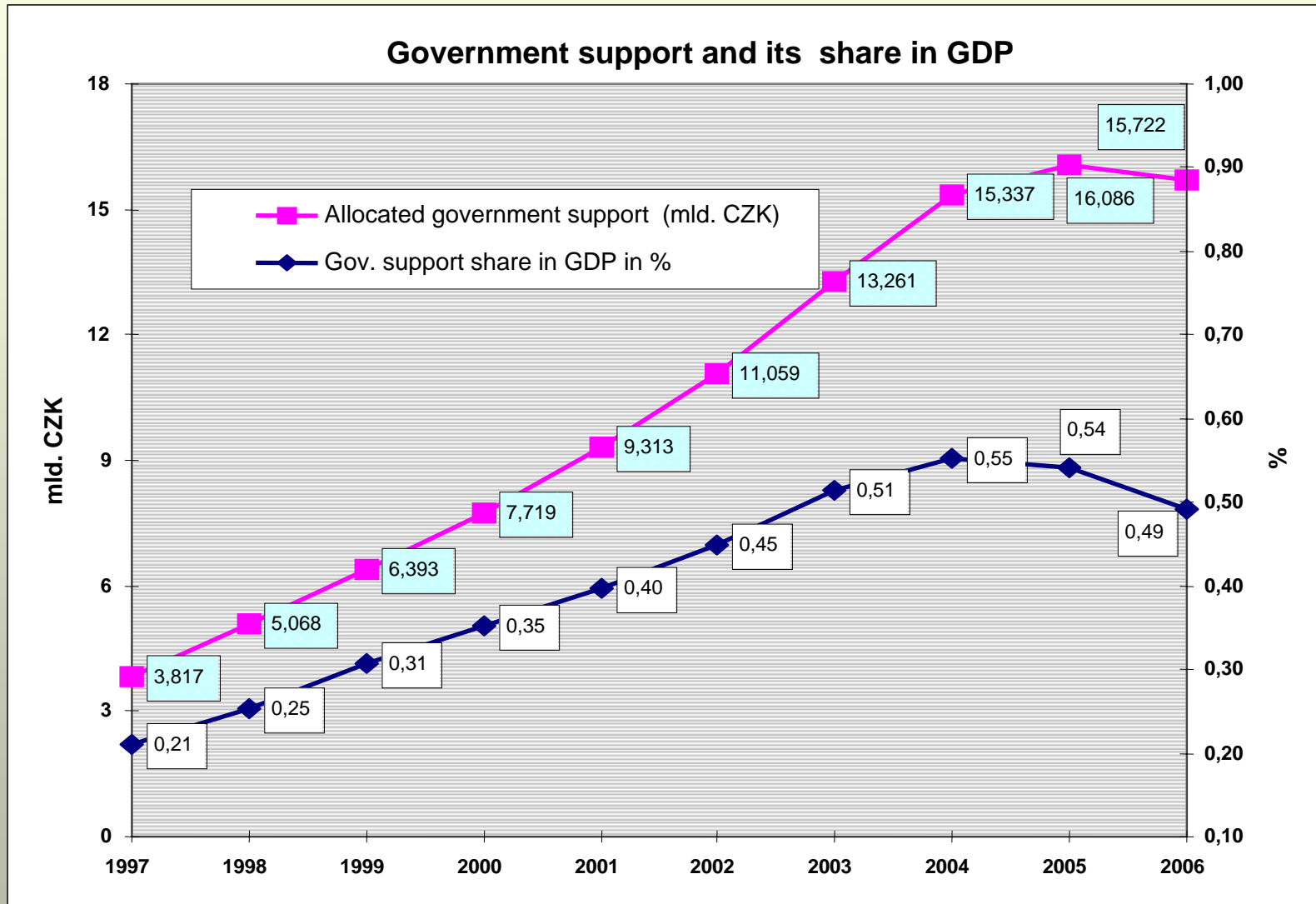


Building Saving - Loans



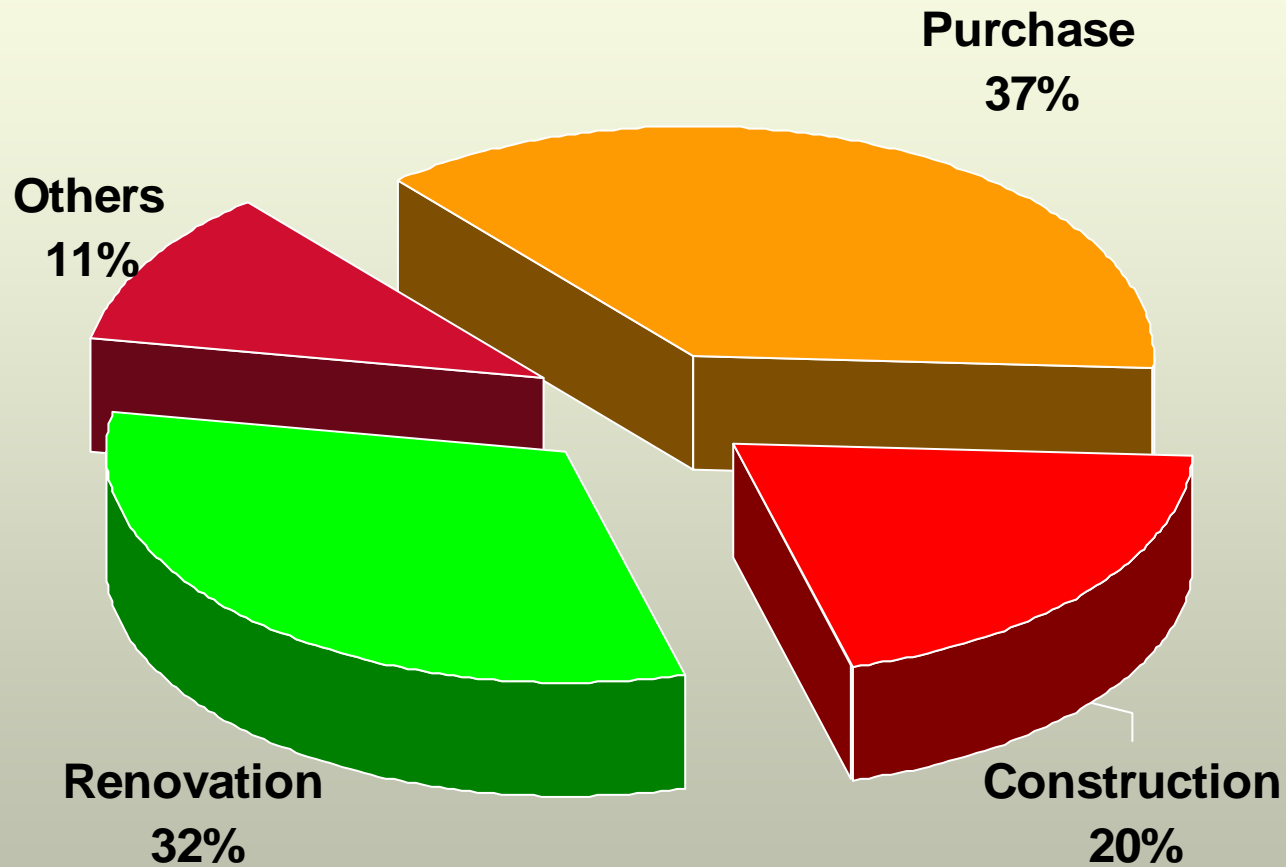


Building Saving – Gover. Support





Building Saving – Loan Purpose





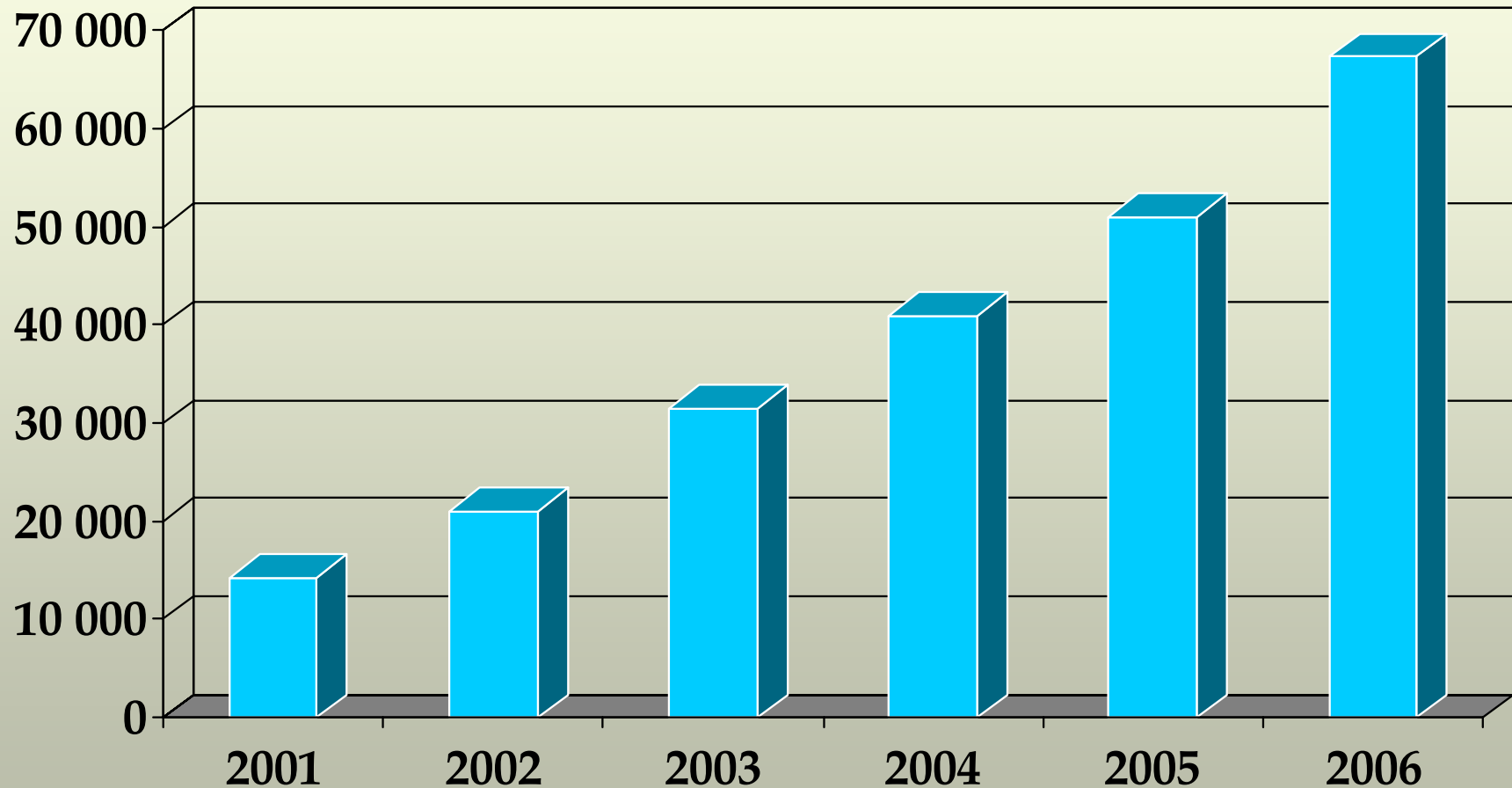
Home-Loan Saving Schemes – Government Benefits, Limits

- **1993-2003: 25% annual government benefits on up to CZK 18'000.**
- **Since 2004: 15% annual government benefits on up to CZK 20'000.**
- **Interest on savings is exempt from income tax.**
- **Margin between interest on savings and interest on credit up to 3 percentage points.**
- **Credit interest payments may be deducted from the income tax assessment base – up to 300k CZK per household.**



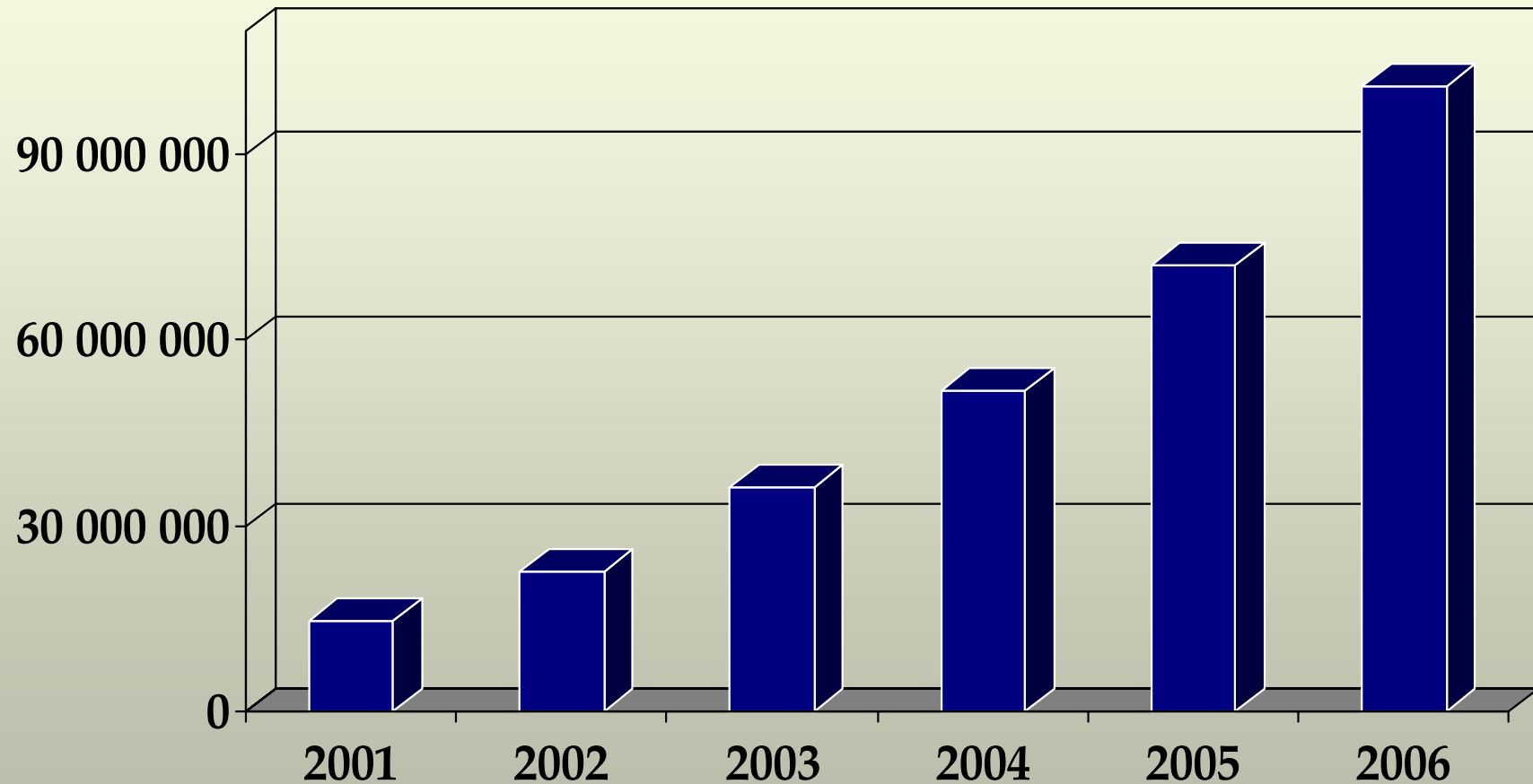


Mortgage Loans - Development



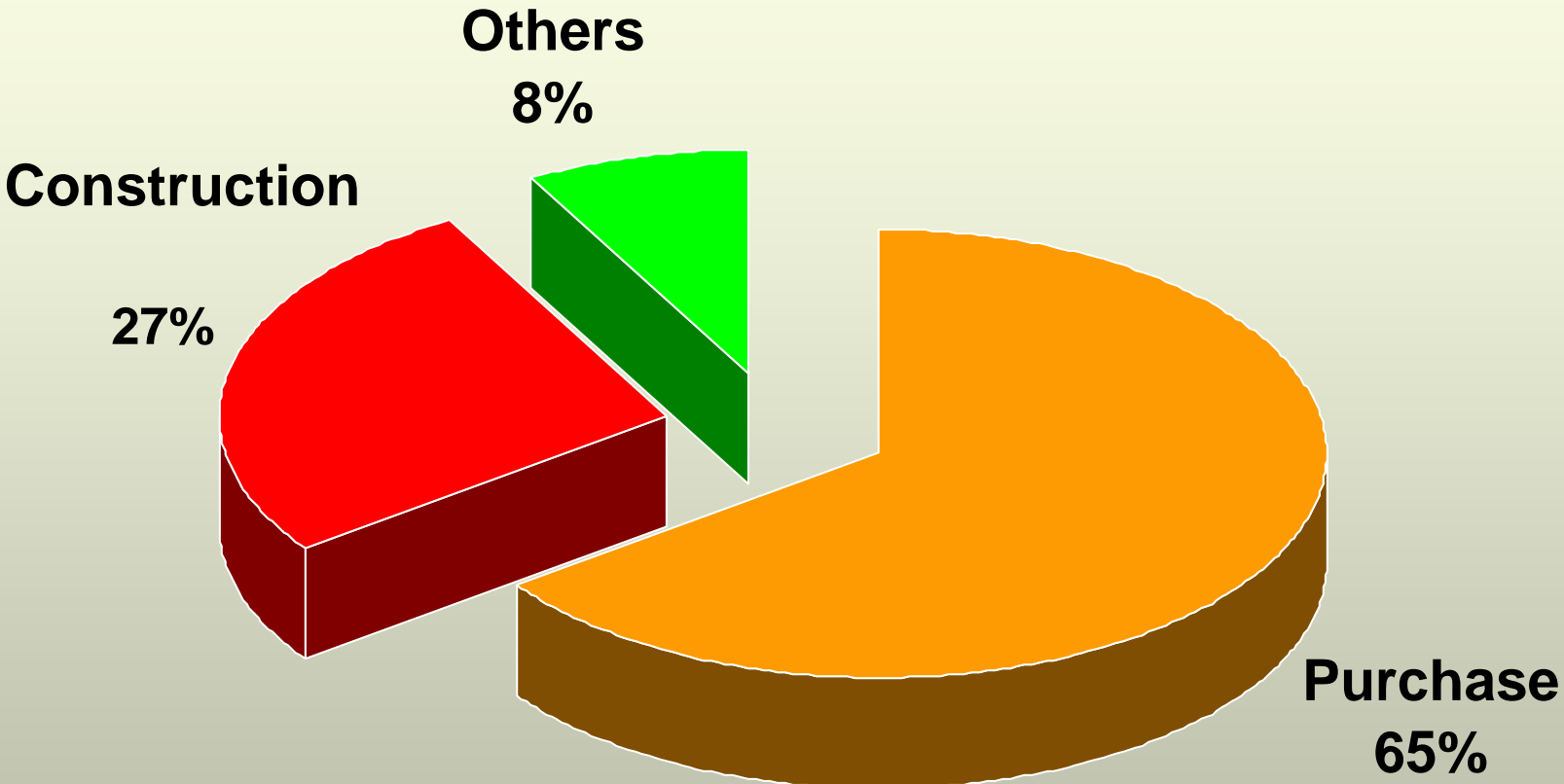


Mortgage Loans - Development





Mortgage Loans – Loan Purpose





Mortgages – Government Benefits, Limits

- **Since 1995 – interest subsidies at a floating rate dependent on the development of average rates agreed (subsidies are „suspended“ for average rates below 7% p.a.); no benefits for new contracts as of 2003.**
- **Young people up to 36 years of age, for the purchase of existing living space – since 2005, benefits are „suspended“ for averages below 5% p.a., increasing rates may „resuscitate“ the subsidy.**
- **Credit interest payments may be deducted from the income tax assessment base – up to 300k CZK per household.**





Housing Loans

- „Start“ of the Building Saving system – 1993.
- „Start“ of mortgage crediting – 1995.
- Outstanding principal of mortgage loans for housing – CZK 228 mld.
- Outstanding principal of Building Saving loans for housing – CZK 135 mld.
- 2006 – M. loans for housing – 62 thous. (CZK 115 mld.).
- 2006 – B. S. loans for housing – 155 th. (CZK 52 mld.).
- Different segments, different target groups.





EU and Housing Policy





VAT Lower Rate

- **Before the end of 2010 – Annex K to the EC Sixth Directive – activities with high portion of human labor – e.g. “repairs of private dwellings except for materials representing substantial part of a supply”.**
- **Permanently – Annex H to the EC Sixth Directive – “housing provided within policy of welfare”.**
- **Exception in the Accession Contract till Dec 31, 2007.**
- **Amendment to the Act No. 235/2004 Coll., on VAT, as amended – effective since January 1, 2008.**





Public Subsidies Within EU

- **Protection of EU single market and free competition rules.**
- **Public subsidies disturb market; however there are block exceptions.**
- **Unauthorized public subsidy is illegal and must be returned.**
- **Responsibility: grantor; BUT: returning and sanctions – always the receiver.**
- **Office for the Protection of Competition – monitoring, consultations, mediation (Act No. 215/2004 Coll.).**





European Commission Decision No. 343/2005 of April 26, 2006

- **Lease = it is an economic activity; public subsidy granted to both the housing stock owners as well as the municipalities; it represents “public subsidy”.**
- **It depends neither on the owner’s or tenant’s status, nor the rent amount.**
- **As this economic activity can affect competition and business within the EU region, the state aid designed for construction and repair of flats is the “public subsidy”.**





Public subsidy compatible with EC legislation – “de minimis” mode

- **Block exception - European Commission Regulation No. 1998/2006 of 15.12.2006**
- **Czech version – Official Journal of the EU, L 379/5 to 10 of December 28, 2006.**
- **Since January 1, 2007 a “de minimis” subsidy can be granted with max. amount of 200 000 EUR to a single receiver during a three-year period. The three-year period means fiscal years, used for tax purposes in the particular member state.**





2007 Support Programmes

- **Support for construction of rental housing for for low-income households – SFRB.**
- **Support for construction of subsidized housing – MMR.**
- **Support for construction of new cooperative housing – SFRB.**
- **Support for construction of technical infrastructure – MMR.**
- **Support for construction, acquisition, or repair of dwellings targeting young families – SFRB.**





2007 Support Programmes

- **Support for repairs of emergency defects in prefabricated panel buildings – SFRB.**
- **Support for complete renewal of prefabricated buildings – the PANEL programme – SFRB.**
- **Support for renewal of prefabricated building settlements – MMR.**
- **Support for replacement of lead piping in buildings – MMR.**
- **Support for repair of housing stock through municipality funds – SFRB.**





Integrated Operational Program – „Housing“ Intervention

- **A. Improvement of quality of public places:
parks, sidewalks, children playgrounds, public
lighting etc.**
- **B. Apartment building repairs:
Repairs of static defects, roofs, facades, staircases,
lifts, entrances, technical equipment, improvement
of energetic economy at heating.**
- **Within the B-activity - pilot projects concentrated
to socially segregated Gipsy community.**





Integrated Operational Program – „Housing“ Intervention

- **Approx. 770 mil. CZK annually.**
- **Concentration – large cities (with more than 20 thousand inhabitants – 62 cities).**
- **Condition – integrated town development plan.**
- **Integration of all participants; partnership principle.**
- **Public subsidy for repairs of apartment buildings – intensity limits specified!**





Environment Improvement in problematic housing estates

Criteria for selection of problematic parts of large cities (above the set number of inhabitants):

- **High level of poverty and segregation;**
- **High level of long-term unemployment;**
- **Risk demographic trends;**
- **Low level of education, significant deficiency of qualification and large number of pupils and students, leaving the school prematurely;**
- **High level of criminality and delinquency;**
- **Extremely impaired living environment;**
- **Low level of economic activity;**
- **Large number of immigrants, ethnic groups and minority group members or refugees;**





Environment Improvement in problematic housing estates

The third criterion:

- **Relatively low level of prices of flats;**
- **or high energy demand of the buildings.**

**Statistic data – selection of suitable indicators
(data from the census, local sources, ad hoc
local surveys...)**



European problem?





**“Tempora mutantur nos et mutantur in illis.”
(Times are changing and we are changing
with them.)**

(Lothair, A.D. 842)

Thank you for your attention

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