

**Session 5:
Social Housing as Part of the Housing Market**

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Key issues of the Guidelines (Principle 9)

Social housing should be considered as an integral and complementary part of the real-estate market and a means to promote economic growth, urban development, reduction in housing pressure and informal settlements.

- Following experience with social housing sectors in Scandinavia, The Netherlands and Austria
- „Integrated“ or „unitary housing markets “ vs „dual housing markets“ (Jim Kemeny)
- IIBW has developed a scheme to transfer this conception to transition countries

Cornerstones of integrated housing markets

- Quantities of social housing that can influence the private markets
- Medium price level (cost coverage)
- Accessibility for middle and lower income groups, not only vulnerable households (if necessary additional allowances for lowest income groups)
- Economically strong social landlords with market-oriented behaviour
- Above-average quality of construction and maintenance
- Financing scheme with major involvement of capital market

The example of Austria

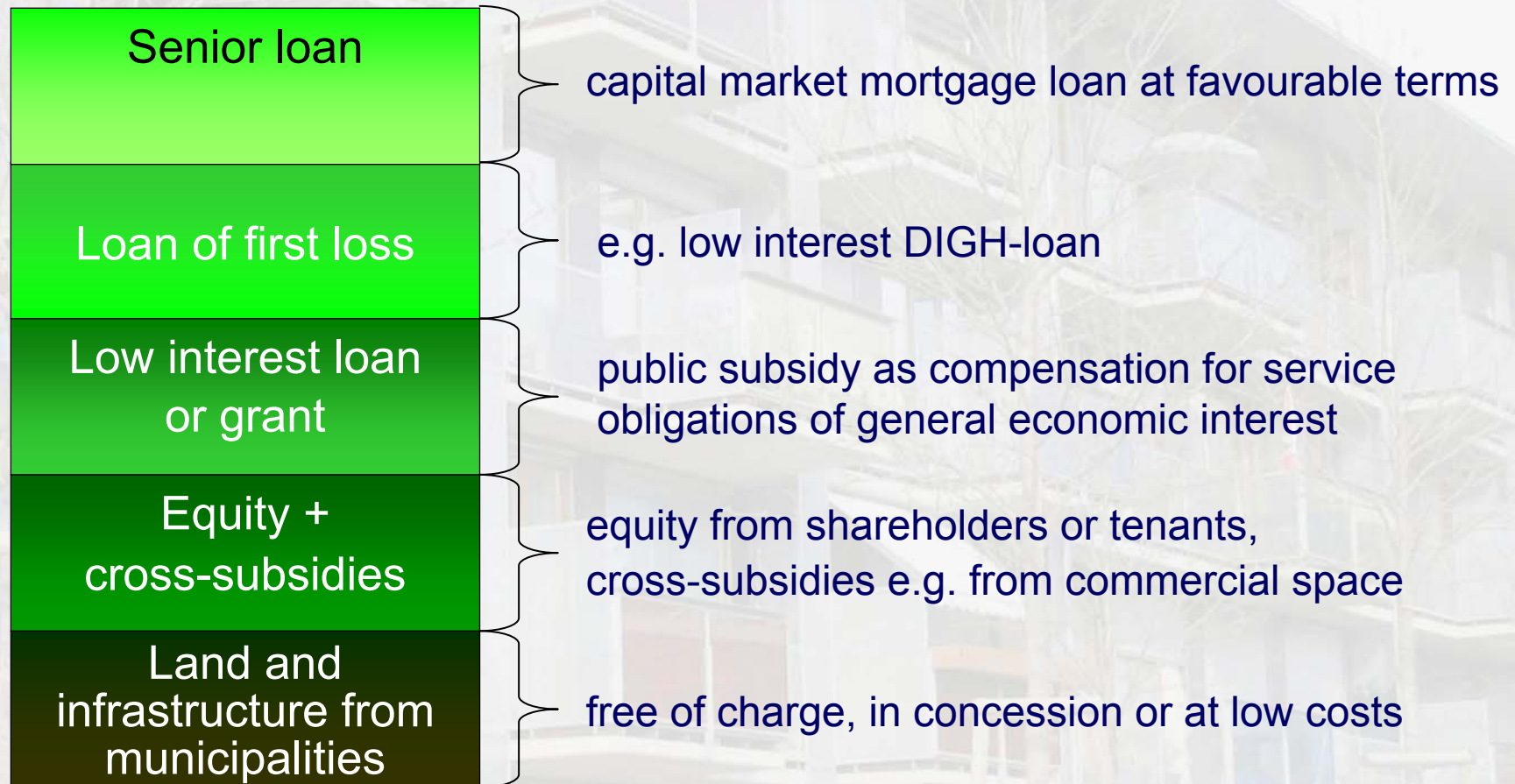
- Limited Profit Housing Associations (LPHA) are responsible for 20% of stock and >60% of new construction of multi-apartment buildings
- Rents of 5-7 €/m²
- Only 5% with additional housing allowances
- Proven cost-cutting effects on private markets
- Very stable development of production and prices
- Contribution to overall small effects of the current crisis
- Public funding of altogether 1.0% of GDP, which is below the average of Western EU Countries

2 toeholds for diversification to transition countries

**“Structured financing”
to enhance
PPP-Housing**

**Legal framework
for PPP-Housing /
housing legislation**

„Structured Financing“ for social housing



A new rental housing sector for Montenegro

- Rents of € 2,50 /m² in Podgorica and the coast, but > € 2,- /m² in less developed regions
- Administration and maintenance costs of ca. € 0,50 /m² for professional administration service, common costs and a reserve fund for future refurbishment
- Improved standard of construction, particularly in terms of ecology and energy efficiency
- PPP-Housing companies such as the existing *Montenegrin Fund for Solidarity Housing Development* shall grow to economically strong landlords
- Legal coverage by a PPP-Housing Law

A new PPP-Housing Law for Romania

- Following the models of Austria and The Netherlands
- Private companies to fulfill services of general economic interest (EU diction) = provision of affordable housing for lower and middle income groups
- This legitimates a priveleged access to subsidies (exemption from EU state aid ban)
- Profits shall be made, but may be taken out of the companies only to a very small extent
- Strict auditing and control mechanisms
- Proclamation in autumn 2009

A new Housing Law for Romania

1 – Umbrella Law

2 – Rent Law

6 –
Housing Subsidy Law

3 – Condominium Law

5 –
Housing Management
and Maintenance Law

4 – PPP Housing Law