

Social Rental Agencies combined with Limited Equity Schemes in Eastern Europe

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Problems and Challenges Eastern European countries

Demand side (NMS)

Housing Affordability problem - Approx. 60% of households affected

- The poor – systematically lower income than needed to make ends meet
- Middle class at risk – more precarious position on labour market → housing market position
- First home buyers without family support

Trade off in households' choice:

- housing quality, location vs. housing costs

EE countries: informal economy more expanded, weaker welfare system

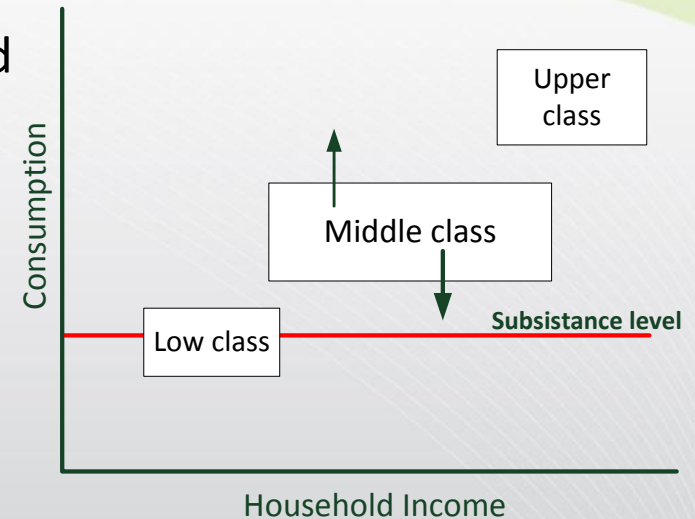
Supply side:

Market failures:

- Price increase – high affordability rates
- Discrimination
- Large Regional differences
- Limited private rental sector

Policy Failures:

- Residual public housing sector
- Municipalities weak interest to maintain
- Central gov: short-term, ad-hoc program



Innovative solutions in EE countries

		Tenure type		
		Public Rental	Private Rental	Owner Occupation
Dominant integration mechanism	State/Public integrated	<p>SK – state funded municipal affordable rental housing</p> <p>PL – TBS – Social housing associations constructing new social housing</p> <p>HU – National Asset Management Fund social housing program linked to defaulted mortgages</p> <p>HU – City of Szombathely Social Accommodation program to rescue defaulted tenants.</p> <p>HU – Veszprém scheme: Social Rental Agency joint company Maltese Charity Organisation and the municipality managing municipal, NGOs' housing stock</p>	<p>PL – municipalities renting from private market to house households in the waiting list (small scale programs)</p> <p>CZ – housing allowance for households in private rentals (with NGOs intermediating in the market + guarantee fund pilot. N</p> <p>HU – Supported housing programs for homeless</p> <p>HU – In some cities municipal rent allowance for low income households renting in private rental market</p> <p>HU – Veszprém Social Rental Agency plans to include units private rental market in the affordable housing provision</p>	<p>PL – possible privatization of TBS units</p> <p>HU – Family Home Construction program</p>

Schemes to expand affordable housing sector

5 basic schemes to provide affordable housing:

- Public (social) rental housing
- Homeownership support programs
- **Social Rental Agency**
- **Limited Equity Schemes – hybrid programs**

Evaluation criteria for affordable housing schemes

- (viability, financial sustainability, social adequacy):
- Targeting and level of subsidy
 - Housing quality and location
 - Financial sustainability
 - Control over „leakage” of subsidy (impede privatisation etc.)

Problems:

Many new initiatives but remained small scale
Could not create institutional interests
Many had or have the danger of privatisation

Lessons from HomeLab – Social Rental Enterprises in V4 countries (EU EaSI funded)

- AIM: to test SRA model in case of those who have uncertain HOUSING AND LABOUR MARKET POSITION – high risk groups (Roma, Homeless, indebted)
- NGOs – mitigate the risks of vulnerable groups both in Private and Municipal sector Municipalities' cooperation is important!
- Housing – different models of SRA:
 - private rental sector / municipal sector
 - Intermediary role: tenant selection, negotiation with landlords
 - management role: took over whole municipal sector (HU-HCSOM)/ subletting
 - Refurbishment of the flats (municipal and private) – donations
- Housing service integrated with employment and social services- risk mitigating
 - Deal with indebtedness and providing regular household budget counselling
 - Active help in job searching and direct contact with employers, training of employers to employ marginalized people (SK)
 - Checking housing payments
- Pilots lack: rent supplement, guarantee fund, some services, rapid housing

Limited Equity Schemes

- Main aims of these schemes:
 - Provide long term, safe and affordable tenancy
 - Take out the stock of speculative market mechanism – „social ownership”
- Different Hybrid forms of rental housing and homeownership:
 - Limited Equity Cooperatives (US),
 - Housing Syndicate model (Germany),
 - Community Land Trust
- Non-profit organisations – joint ownership of the building/ stock by the tenants
- Risk sharing models: tenants (owners) and institutions
- Rent control and Prevent privatisation
- Resale of share is possible but controlled
- Financing:
 - Downpayments (not necessary)
 - Low interest rate loans (specific schemes and institutions) taken by the legal entity (coops, LLC, CLT)
- In Eastern European countries: existing subsidies to homeownership and rental housing can be made available

Institutional framework for scaling up

National housing policies should include a mix of schemes depending on the needs of different target groups

Different models shall be adjusted to national context

Scale of vulnerability included in the schemes depends on the available

- Subsidies (national context: welfare system)
- Additional Services (social, employment, health)

Central housing agency – key to institutionalisation:

- Registration of individual programs/projects
- Distribution of subsidies (quota system according to target groups)
- Surveillance of the operation of individual projects
- Operating guarantee fund



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Thank you for your attention

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