

SERBIAN SOCIAL HOUSING STRATEGY

WORKSHOP "STRENGTHENING NATIONAL CAPACITIES
FOR SUSTAINABLE HOUSING" 12 NOVEMBER 2014

MINISTRY OF CONSTRUCTION, TRANSPORT AND
INFRASTRUCTURE, SVETLANA RISTIC

STRATEGIC APPROACH

- REALISTIC AND VIABILITY - based on experiences of the implemented programmes
- Emphasized FINANCIAL SUSTAINABILITY- recover investment to a level that does not threaten the existence of social housing beneficiaries
- BROADER PLATFORM for different existing models of housing programmes but also for measures and programmes which were not used (experience of other countries)
- FLEXIBILITY - combination of measures and addressing to the most effective direction for adaption to different circumstances in 10 years implementation period
- PROGRAMMATIC approach - in accordance to the program budgeting
- MODALITY OF PROGRAMME - define most appropriate combination of instruments for different target groups

STRATEGY OBJECTIVES

Strategy objectives for next 10 years

- I. Improved instruments for social housing (finance, legislation, institution)
- II. Increased scope and variety of housing supply
- III. Increased housing affordability
- IV. Restored confidence in the value of rental housing in all ownership types
- V. Defined and fully applied appropriate housing standards
- VI. Established instruments for prevention and reduction homelessness
- VII. Improved living conditions for inhabitants of sub-standard settlements

MAIN PRINCIPLES

- ❑ Fairness
- ❑ Good targeting
- ❑ Social,
- ❑ Financial and
- ❑ Fiscal
- ❑ sustainability
- ❑ Economic
- ❑ efficiency
- ❑ Protection of environment and resources
- ❑ Resistance to frauds and manipulations
- ❑ Transparency
- ❑ Low implementation costs
- ❑ Consistency

MODALITIES OF HOUSING SUPPORT

1. Housing under social protection programme
2. Public rental housing
3. Regulated rental housing in private sector
4. Purchase of apartment by non-profit price
5. Improvement of housing conditions in own property
6. Housing allowance
7. Subject subsidy for apartment purchase
8. Insurance of housing loans
9. Tax reliefs

HOUSING UNDER SOCIAL PROTECTION PROGRAMME

- Beneficiaries: homeless, refugees, poor people (below poverty line)
- Responsibility: preparation-RHA+MSA/adoption-Government/implementation-LSG in cooperation with CSCs, NHO
- Funding: mainly donation and/or favourable loans due to low financial sustainability; it is necessary to identify needs at the local level
- Examples: Social Housing in protected Environment, Secure Homes
- Programme 6.1.2 in the Action Plan

PUBLIC RENTAL HOUSING

- Beneficiaries: households without (adequate) housing, 100% average income for 1 member household (application of the Oxford scale for each add. member)
- Responsibility: preparation-RHA+MCU (other ministries)/adoption-Government/implementation-LSG & NHO
- Funding: favourable loans and donation, local budget and lend contribution, Revolving Fund, (object subsidies are necessary)
- Examples: SIRP in 7 LSG, social housing projects in Belgrade, CEB Project F/P 1720 (in preparation)
- Programme 2.1.1 in the Action Plan

PRIVATE RENTAL HOUSING UNDER REGULATED CONDITIONS

- Beneficiaries: households without (adequate) housing, 100% average income for 1 member household (application of the Oxford scale for each addition member)
- Responsibility: preparation-RHA+MCU (other ministries)/adoption-Government/implementation-LSG & NHO (after 2015)
- Funding: Republic and local budgets (housing allowance)
- Examples: SIRP, alternative housing solution in Kragujevac
- Programme 3.1.1 in the Action Plan

PURCHASE APARTMENTS UNDER NON-PROFIT CONDITIONS

- Beneficiaries: households without (adequate) housing, 150% average income for 1 member household (application of the Oxford scale for each add. member)
- Responsibility: preparation-RHA+MCU (other ministries)/adoption-Government/implementation-LSG & NHO
- Funding: favourable loans, Republic and local budgets, Revolving Fund
- Examples: Solidarity Housing Construction Funds (during 90s), local housing projects (Belgrade, Kragujevac, Nis), CEB Project F/P 1720 (in preparation)
- Programme 2.1.2 in the Action Plan

IMPROVEMENT OF HOUSING CONDITIONS

- Beneficiaries - households with inadequate housing, 50% average income for 1 member household (application of the Oxford scale for each add. member); dissable and old people irrespective of the income
- Responsibility: preparation-RHA+MCU (other ministries)/adoption-Government/implementation-LSG & NHO
- Funding: Republic and local budgets, Revolving Fund, donation, IPA for EE improvement
- Examples: housing programmes for refugees
- Programme 2.2.1 and 2.2.2 in the Action Plan

HOUSING ALLOWANCE

- Beneficiaries - households without housing, 35% average income for 1 member household (application of the Oxford scale for each add. member)
- Application: alone or combined with other kind of housing support
- Responsibility: preparation-RHA+MSA/adoption-Government/implementation-LSG/NHO and CSCs
- Funding: mainly local budgets
- Examples: social housing in protected environment; SIRP Kragujevac
- Programme 3.1.1 and 2.2.2. in the Action Plan

SUBSIDY FOR APARTMENT PURCHASE

- Beneficiaries: creditworthy households without (adequate) housing, average income; population groups of public interest (young couple, missing professions...)
- Application: interest subsidy, other loan conditions (grace period, repayment)
- Responsibility: preparation-NCMI + Ministry for housing and other ministries, RHA/adoption-Government/implementation-NCMI, Bank
- Funding: Republic budget
- Examples: Government programmes of subsidy loans for apartment purchase (funds for down payment as subsidized loan with delay repayment)
- Programme 2.1.2 and 3.2.1.in the Action Plan

HOUSING LOAN INSURANCE

- Beneficiaries: creditworthy households without (adequate) housing; population groups of public interest (young couple, missing professions...)
- Application: subsidizing premium of housing loan insurance in amount of 90% for households with up to 200% average income
- Responsibility: preparation-NCMI+RHA+Bank/
adoption-Government/implementation-NCMI, Bank
- Funding: Republic budget
- Examples: Housing loans insurance implemented through National Corporation for Mortgage Insurance (NCMI)
- Programme 3.3.1 in the Action Plan

TAX RELIEFS FOR HOUSING

- Beneficiaries: tenants and providers in social housing
- Application: with other related measures and independently; within non profitable programme
- Responsibility: Ministry of finance on proposal of the MCU/RHA/approval-Government/adoption-Assembly
- Funding: without monetary grants; balancing of tax revenues
- Examples: VAT refund for first apartment, VAT exemption for obtaining apartments funding by international donation or loan
- Programme 1.4.1 and 3.1.1.in the Action Plan

FINANCING AND SUSTAINABILITY

- Refunds to the greatest extent, but not to jeopardizing beneficiaries existence
- Establishing of the Revolving Fund
- Loans only for bridging crisis budget
- Consider new source of funding and tax reliefs
- Mix funds - Republic and local budgets, donations, loans, PPP, revolving funds
- Different and appropriate housing finance models for households with low and middle incomes

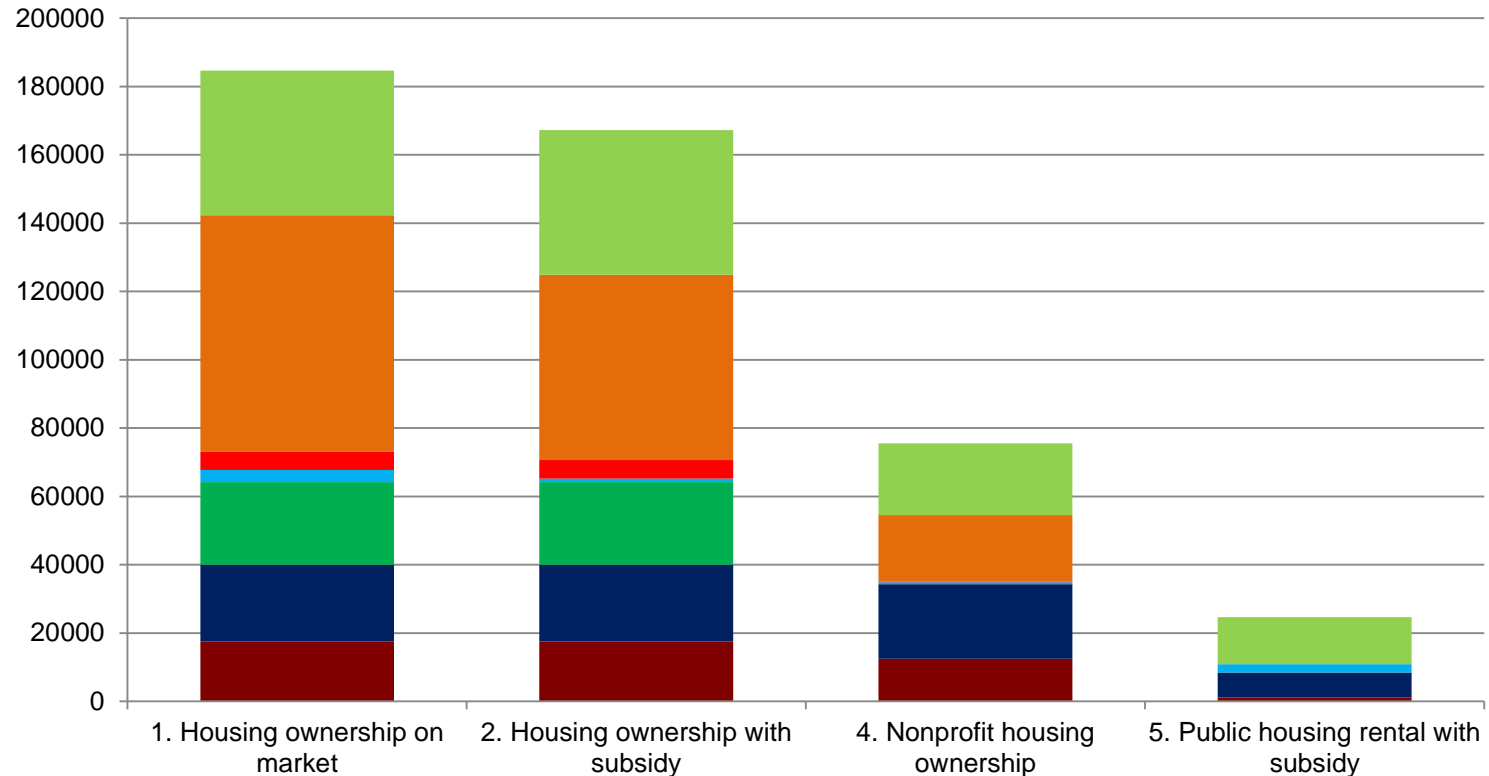
HOUSING AFFORDABILITY



HOUSING AFFORDABILITY?

- AFFORDABILITY - AFFORDABLE PRICE OF HOUSING
- PRICE OF HOUSING : INCOME OF HOUSEHOLD
- PRICE OF HOUSING:
 - INSTOLMENT+ MAINTENANCE + UTILITY
 - RENT (MAINTENANCE) + UTILITY
- INCOME: AVAILABLE FUNDS OF HOUSEHOLD
- HOUSING ALLOWANCE APPLY WHEN MONTHLY PRICE OF HOUSING IS MORE THAN 1/3 OF HOUSEHOLD INCOME

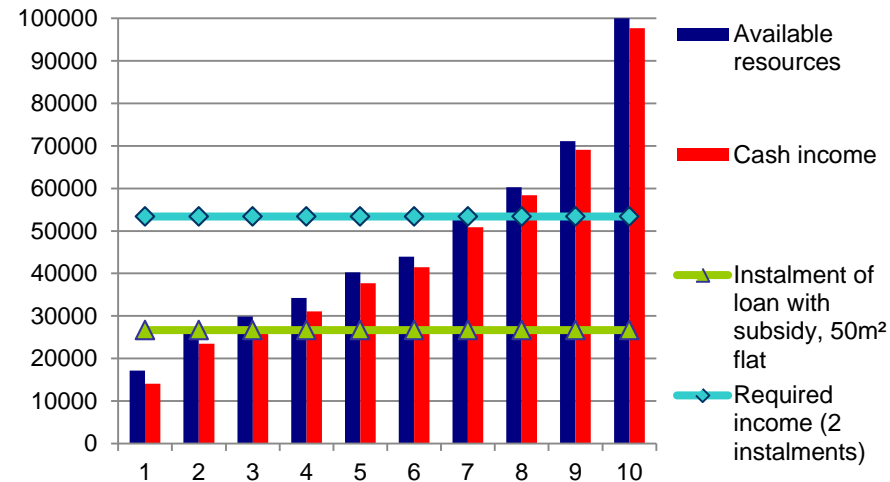
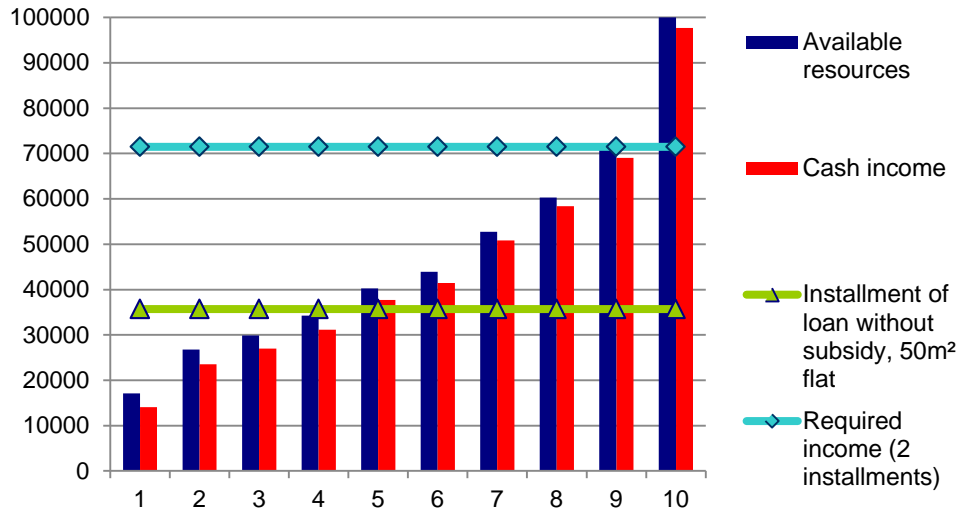
HOUSING PRICE STRUCTURE AND POSSIBLE SUBSIDIES



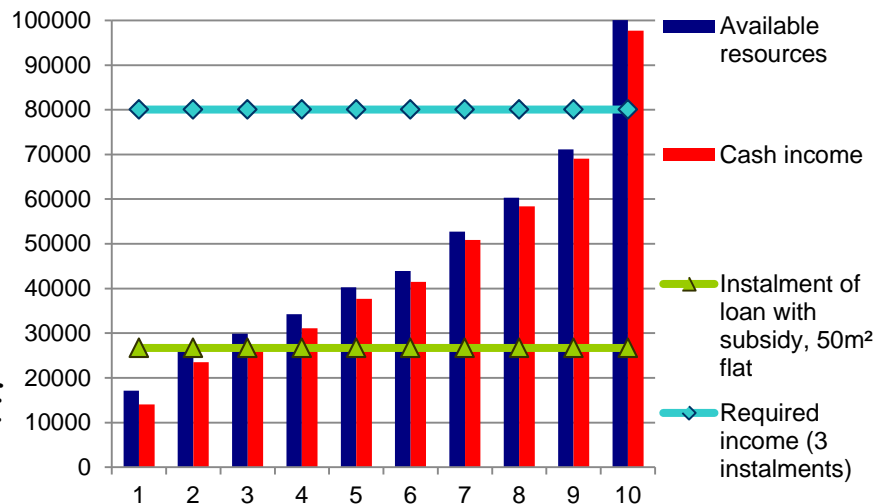
- Maintenance & management (30 years)
- VAT+ Property tax
- Developers' profit
- Land and utility

- Loan repayment (1.&2-30Y,6.5/5.5%;4-20Y 4%)
- Loan cost/fix financing cost
- Construction cost

HOUSING AFFORDABILITY - OWNERSHIP



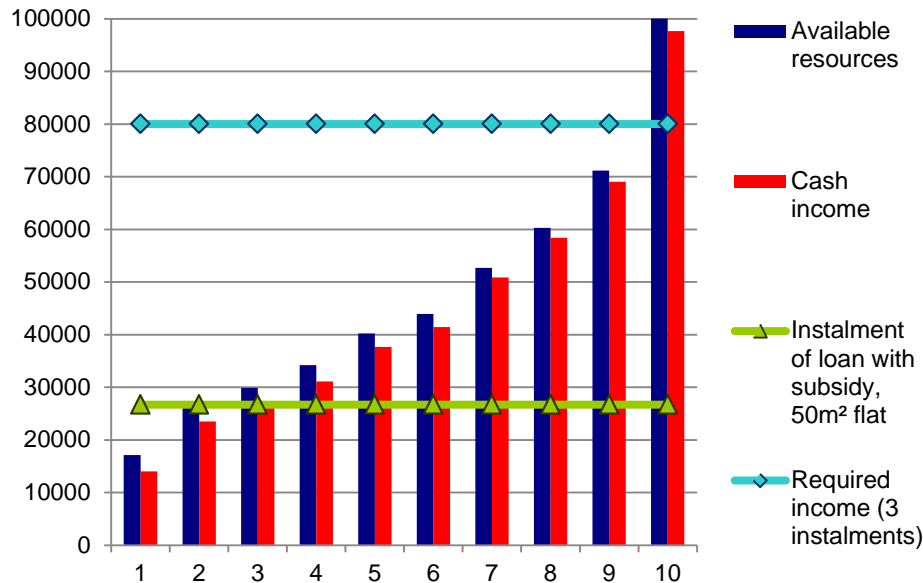
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LOAN
INSTALLMENT
IN RELATE TO
HOUSEHOLDS
MONTLY INCOME



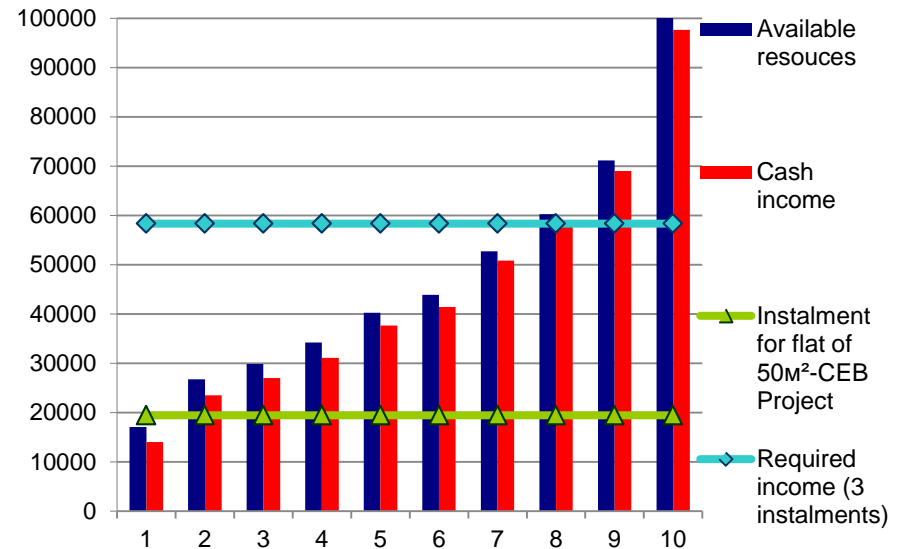
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INSTALLMENT OF
SUBSIDIZED
(INTEREST) LOAN
IN RELATE TO
HOUSEHOLDS
MONTLY INCOME

INCREASE OF AFFORDABILITY - OWNERSHIP HOUSING (PURCHASE)

Average installment of subsidized housing loan : available funds of households divided in deciles (dinars, 2009 year)

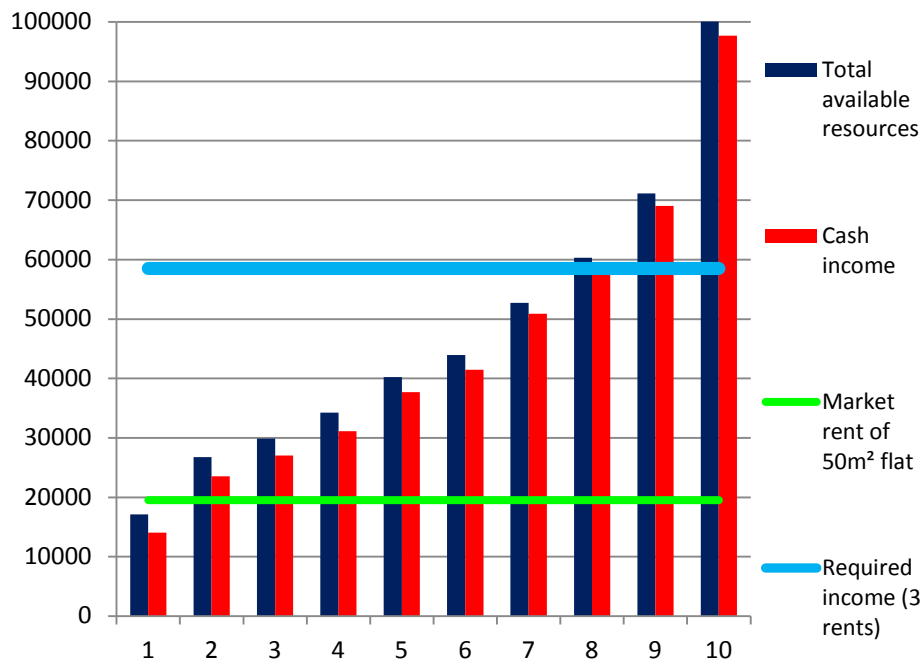


Installment of housing loan - CEB Project 1720 : available funds of households divided in deciles (dinars, 2009 year)



INCREASE OF AFFORDABILITY - RENTAL HOUSING

Average market rent in middle cities : available funds of households divided in deciles (dinars, 2009 year)



Rent - CEB Project 1720 : available funds of households divided in deciles (dinars, 2009 year)

