

# **Housing Policy of the Slovak Republic until 2030**

## Table of Contents

Introduction .....	2
1. Housing policy framework .....	3
1.1. Global level.....	3
1.2. European level .....	4
1.3. National level.....	6
2. The role of actors in housing .....	6
3. Analysis of the housing stock in the SR and the current market situation .....	8
3.1. Housing stock and the number of dwellings per 1,000 inhabitants .....	8
3.2. Unoccupied housing stock .....	11
3.3. Housing construction .....	13
3.4. Development of housing prices .....	15
3.5. Housing loans .....	17
3.6. Household expenditure on housing.....	18
3.7. The need for new housing construction .....	20
4. Support of housing development.....	22
5. Evaluation of the fulfilment of the objectives of the State Housing Policy Concept to 2020 .....	28
6. Housing Policy of the Slovak Republic until 2030 .....	30
6.1. Increase in housing supply through the creation of a stable environment .....	30
6.2. Increase in the availability of all forms of rental housing.....	32
6.3. Improvement of the quality of housing.....	38
7. Action Plan to 2025.....	41

## Introduction

Housing affordability is currently one of the most complex political and social challenges faced not only by the Slovak Republic (hereinafter referred to as the “SR”), but also by a large part of the world. Housing is one of the basic needs of human beings. Insufficient housing supply has serious implications not only for people’s access to housing itself, but also for their health and well-being, urban development and the country’s economic growth.

The Housing Policy of the Slovak Republic until 2030 (hereinafter referred to as the “Housing Policy 2030”) is a medium-term framework document of the State, which defines the vision and goals of the State in the field of housing, taking into account the current and probable future development, identifies the basic systemic problems and proposes framework measures to improve the current situation.

The development of the Housing Policy 2030 follows up on the elaboration of previous conceptual documents in the field of national housing policy and energy performance of buildings. At the same time, national conceptual and strategic documents covering social and economic areas, regional and territorial development area, the environment and other related areas have been taken into account in its preparation. It also reflects the objectives defined by the Vision and Strategy for the Development of Slovakia until 2030 in its design part. The material is also based on the basic international documents in the field of housing and the obligations arising from them, as well as the rules and principles resulting from membership in the European Union (hereinafter referred to as the “EU”).

The Housing Policy 2030 is the result of a discussion within a working group for the preparation of a conceptual document in the field of housing, to which representatives of the academic community and general government, representatives of civil society, as well as the business sector contributed their experience and knowledge. The present document has been prepared in accordance with the principles of sustainable development and thus provides a framework for making progress in the field of housing.

The Ministry of Transport and Construction of the SR (hereinafter referred to as “MTC SR”) is, in accordance with Section 8 (1)(l) of Act No. 575/2001 Coll. on the organisation of activities of the Government and organisation of the central state administration as amended, the central government body for the creation and implementation of housing policy. Taking into account the cross-cutting nature of the topic of housing, those changes were identified that need to be made in trans-ministerial cooperation while respecting the competences of the individual ministries. An efficient support from other ministries through their sectoral and cross-cutting policies is important for effective implementation. The MTC SR, in close cooperation with other relevant ministries, will be responsible for evaluating and regularly updating the document.

In accordance with the principles of the market economy, the primary responsibility for dealing with one’s housing situation, depending on one’s capabilities, lies with the individual. The basic mission of the State is to create a stable environment that strengthens citizens’ responsibility and enables them to live according to their income situation. However, there are groups of people in every society who, because of the nature of housing as a commodity, are unable to provide adequate housing for themselves. In accordance with the principle of solidarity, it is also necessary to help these population groups through the State interventions in the housing market.

The long-term aim of the national housing policy is to gradually increase the overall housing standard so that it is affordable for the population and that every household can procure adequate housing.

The basic vision of the State until 2030 is to achieve a gradual increase in the availability and quality of housing in the SR by focusing on increasing the affordability and physical accessibility of housing with an emphasis on the development of all forms of rental housing. Improving the quality of the existing housing stock is an integral part of this vision.

To achieve this vision, it is necessary to create a framework for the involvement of all actors in the housing development process in addressing the proposed tasks, to create space for the participation of all levels of decision-making, and to strengthen the partnership between the public, private and non-governmental sectors at both the horizontal and vertical levels.

## **1. Housing policy framework**

Housing affordability is now a global challenge that we face at local, regional, national and transnational levels. Much of this is due to the rise of neoliberalism in the 1980s. This meant, among other things, the retreat of the State intervention in housing and the perception of housing as an individual's personal property. Globally, markets are failing to provide adequate housing for citizens. However, individual countries have their own approaches and instruments to increase housing affordability.

The right to housing (or, alternatively, the right to adequate housing, or as part of the right to an adequate standard of living) is a fundamental human right. The SR also has obligations in this area under international human rights documents. By its very nature, however, this right cannot be interpreted as an obligation on the part of the state to provide everyone with an adequate standard of living, including housing. It is the role of the States to create the conditions that enable the realisation of this right.

International cooperation plays an important role in meeting international obligations as well as in creating an optimal national environment. In the field of housing, the SR has long been actively involved in the activities of the United Nations Economic Commission for Europe (hereinafter referred to as the "UNECE"), the OECD and UN-HABITAT. Equally important is bilateral and regional cooperation within the Visegrad Four countries, but also with other EU countries.

### **1.1. Global level**

On a global scale, the present material takes into account the documents adopted at the United Nations (hereinafter referred to as the "UN"). The oldest is the 1948 Universal Declaration of Human Rights, which states in Article 25: "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control." The 1966 International Covenant on Economic Social and Cultural Rights virtually adopts this provision.

The issue of housing is also mentioned in a number of documents to which the SR is a signatory. These focus on specific areas, e.g. racial discrimination, discrimination against women, etc. These documents are, for example, the International Convention on the Elimination of All Forms of Racial Discrimination (1965), the Convention on the Elimination of All Forms of Discrimination against Women (1979), the Convention on the Rights of the Child (1989), the Convention on the Rights of Persons with Disabilities (2006), etc. It is part of the obligations of States Parties to promote human rights, particularly in the sense of creating a culture that promotes human rights.

A number of other documents have been adopted at the UN level that encourage action on housing. These are, for example: The Vancouver Declaration (1976), the Global Strategy

for Shelter to the Year 2000 (1988), the Rio Declaration on Environment and Development and Agenda 21 (1992), the Istanbul Declaration on Human Settlements and the Habitat Agenda (1996), the UN Millennium Declaration (2000).

The work of the UN in the field of human rights, and more specifically in the area of housing and human settlements development, is truly unique. In recent decades, housing itself has been placed within a broader framework of urban development, and the concept of sustainable development has been generally applied in the approach<sup>1</sup>. This is confirmed by the adoption of the 2030 Agenda for Sustainable Development<sup>2</sup> and its 17 Sustainable Development Goals in 2015 and the directly related New Urban Agenda<sup>3</sup> in 2016, as a result of the HABITAT III Global Conference. In particular, the New Urban Agenda has significantly supported and elaborated on Goal 11 of the 2030 Agenda, which states that cities and human settlements should be inclusive, safe, resilient and sustainable.

Regional Commissions have a specific position in the UN system. The activities of UNECE, specifically the Committee on Urban Development, Housing and Land Management (hereinafter referred to as the “Committee”), are of great importance for Europe and thus also for the SR. The SR has been actively participating in its activities since 2000. In 2015, UNECE countries adopted the Committee’s “Geneva UN Charter on Sustainable Housing”. The Charter encourages Member States to ensure access to decent, adequate, affordable and healthy housing and provides clear guidelines and criteria for assessing progress towards this goal. It is based on the principles of sustainable development and builds on the “Strategy for Sustainable Housing and Land Management in the ECE Region 2014-2020”, which presents a long-term vision for improving the affordability and quality of housing in the UNECE region. In response to the endorsement of the New Urban Agenda, a “Ministerial Declaration on Sustainable Housing and Urban Development” was adopted at the Committee’s 2017 meeting, which reiterates the call for actions leading to sustainable urban development and improving the housing situation.

## **1.2. European level**

The most important instrument for the protection of social rights is the Council of Europe’s European Social Charter (1961), which has been gradually replaced by the revised version of 1996. The SR ratified the revised Charter in 2009. Article 31 of the Charter states: “With a view to ensuring the effective exercise of the right to housing, the Parties undertake to take measures designed: 1. to promote access to housing of an adequate standard; 2. to prevent and reduce homelessness with a view to its gradual elimination; 3. to make the price of housing accessible to those without adequate resources.”. However, the SR has not ratified this article of the Revised Charter and is not bound by it.

The EU’s work on housing is of particular relevance to the SR. At EU level, the housing debate has developed as it did in the early 1990s. An important point in this debate is the European Parliament resolution on the social aspects of housing (1997), which expressed the need to include the right to adequate and affordable housing for all in the provisions of the

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<sup>1</sup> The principle of sustainable development was first described in the 1987 UN Brundtland Report as “development that meets the needs of today’s generation without compromising the ability of future generations to meet their own needs.” In practice, we encounter sustainable development as an integrated approach on three basic levels - social, economic and environmental, often complemented by a fourth level - cultural. Sustainability is a paradigm for thinking about a future in which environmental, social and economic considerations are balanced in the pursuit of an improved quality of life.

<sup>2</sup> Find out more about the implementation of the 2030 Agenda at <https://www.mirri.gov.sk/sekcie/investicie/agenda-2030/index.html>

<sup>3</sup> [https://www.mindop.sk/index/open\\_file.php?file=vystavba/bytovapolitika/MR/Deklaracia\\_OSN\\_Nova\\_urban\\_na\\_agenda\\_SK.pdf](https://www.mindop.sk/index/open_file.php?file=vystavba/bytovapolitika/MR/Deklaracia_OSN_Nova_urban_na_agenda_SK.pdf)

Treaty. This commitment has been specified in the Charter of Fundamental Rights of the European Union (proclaimed in 2000 and amended in 2007) in Article 34(3) “In order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with the rules laid down by Union law and national laws and practices.”. After all, the issue of housing is also included in the Europe 2020 strategy, in the Amsterdam Pact: An Urban Agenda for the EU 2016, as well as the New Leipzig Charter 2020.

Despite the above, the principle of subsidiarity is applied at EU level in the field of housing, meaning that the EU and its institutions do not have direct competence and housing policy is not part of the EU’s common policy. Although housing is not one of the areas governed by common EU legislation, it is clear from practice that the EU’s influence on national housing policies is increasing. Uniform EU rules and documents have either a direct or indirect impact on the development of housing policy and the achievement of its objectives in individual Member States.

The EU’s indirect impacts include measures to combat social exclusion and poverty, demographic change, care for people with disabilities, regional policy, migration policy, environment and sustainable development policy, and economic policy.

On the other hand, the direct impacts of the EU include public procurement rules, state aid rules, the possibility of drawing on European Structural and Investment Funds for certain housing-related activities, legislation on construction products, energy policy, energy performance of buildings, recognition of architects’ and designers’ qualifications, etc.

From the above mentioned, it is primarily the state aid rules that face criticism from Member States and represent an obstacle to the application of different instruments and approaches in the framework of individual housing policies<sup>4</sup>. This situation results from the application of the restrictive definition of social housing by the European Commission (hereinafter referred to as the “EC”), according to which this type of housing is intended only for disadvantaged groups of the population. This is, of course, contrary to the principles of the housing policies of most Member States. However, existing EC decisions (e.g. against Ireland, the Netherlands, France) confirm the fact that housing is subject to state aid rules and even countries where housing support systems have been in place for almost 100 years are not immune. Apart from the above definition of social housing in the context of state aid, there is no common definition of social housing at EU level<sup>5</sup>. This stems from the fact that housing policies and situations vary considerably from one Member State to another. Unless the EC’s view and the rules in this area change, Member States’ housing support mechanisms must now be designed in such a way that their application does not distort the internal market and that only disadvantaged groups of the population are the final beneficiaries of the benefits, in line with the existing definition.

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<sup>4</sup> Indeed, the Housing Partnership Action Plan (established in the framework of the Urban Agenda for the EU), co-ordinated by the SR, also calls for a review of the rules on state aid towards housing. See more at: [https://ec.europa.eu/futurium/en/system/files/ged/final\\_action\\_plan\\_euua\\_housing\\_partnership\\_december\\_2018\\_1.pdf](https://ec.europa.eu/futurium/en/system/files/ged/final_action_plan_euua_housing_partnership_december_2018_1.pdf)

<sup>5</sup> In reality, the content of social housing varies considerably from country to country. At the same time, there is also no consistency in the use of the term. For example, in Austria, instead of social housing, the term “Limited-Profit Housing” or “People’s Housing”; in Denmark, “Common Housing” or “Not-for-Profit Housing”; in France, “Housing at Moderate Rent”; in Germany, “Housing Promotion”; in Spain, “Protected Housing”; and in Sweden, “Public Utility Housing” is used. The common feature of “social housing” schemes is the general public interest, increasing the supply of affordable housing and then specific social housing objectives (defining groups) based on country-specific conditions.

### **1.3. National level**

The Constitution of the SR does not provide for the right to housing, and therefore this right is not applied in the legal order of the SR. This means that the role of the State is to create an environment and conditions in which the inhabitants themselves provide housing according to their income possibilities, since housing is the responsibility of each inhabitant individually. There is no legal entitlement to housing in the SR, which means that individuals cannot claim it from the State. However, the Constitution guarantees the right to the protection of the home as well as the inviolability of the right to property (Article 20 of the Constitution). There are a large number of laws and subordinate legal norms in the legal order of the SR that regulate specific areas of housing. On the basis of the analysis of legislation in the field of housing, the MTC SR identified up to 75 laws and 31 other sub-legislative norms that directly or indirectly affect the housing sector<sup>6</sup>.

On the conceptual level, the presented material follows the concepts of the state housing policy, which have been adopted by the Government of the SR continuously since 1995. The first concept already set the long-term goal of the state in the field of housing, which is to gradually raise the overall level of housing so that it is affordable for the population and that every household can secure adequate housing. The following concepts, as well as the present document, apply this objective in the light of changing social and economic conditions.

The housing policy of the state has the potential to significantly influence the life of the population of the SR. It is also clear from the above that the present material is of an inter-ministerial and inter-sectoral nature. It builds on the principles of social policy in particular, but also financial, environmental and many others. At the same time, it takes into account measures defined in other strategic documents of the state, which are directed to the housing sector. The aim of the present document is not to duplicate the proposed measures, but to create a general framework for their more effective implementation. Such documents include, for example, the Long-Term Strategy for the Renovation of the Building Stock, the Integrated National Energy and Climate Plan for 2021-2030, the Low-Carbon Development Strategy of the Slovak Republic until 2030 with a view to 2050, the National Emission Reduction Programme, the updated Strategy for Adaptation of the Slovak Republic to Climate Change, the Action Plan for the Implementation of the Strategy for Adaptation of the Slovak Republic to Climate Change, and the Strategy for Equality, Inclusion and Participation of Roma until 2030, the National Framework Strategy for Promoting Social Inclusion and Combating Poverty (update), the Integration Policy of the SR, the National Programme for the Development of Living Conditions of Persons with Disabilities for 2021-2030, the Strategy for Labour Mobility of Foreigners in the Slovak Republic, the Migration Policy of the Slovak Republic with a View to 2025, the National Strategy for Regional Development of the Slovak Republic, measures in economic policy to support economic growth, and others.

The Housing Policy until 2030 is also coordinated with the preparation of a concept document for the prevention and solution of homelessness.

## **2. The role of actors in housing**

The process of transformation after 1989 also affected the housing sector, in particular by changing the distribution of competences among all stakeholders (the State, municipalities, private sector and citizens). The State lost its central role and the issue of housing was transferred to the private sphere. Of course, this is also related to the view of housing as a

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<sup>6</sup> The report on the conclusions of the Housing Legislation Analysis, together with an overview of the legislation, is available at [www.mindop.sk](http://www.mindop.sk)

commodity, the price of which is the result of supply and demand and is therefore not considered a public good.

In line with the principles of the market economy, the most important element of housing policy is therefore the *individual*, who is primarily responsible for procuring adequate housing. The activity of each individual should be directed towards ensuring that it is within their earning capacity not only to procure housing, but also to maintain it.

The *State* still has an important role to play, but its primary duty is to formulate housing policy and then create the tools to enable its implementation. The competence of the State is thus mainly focused on the creation of appropriate legislative, institutional and economic conditions for individual actors in the housing market. The State creates conditions for increasing the performance of the economy, employment growth and growth of real incomes for households as basic prerequisites for improving the level of housing, its accessibility for the population and shortening the period of time needed to secure one's own housing. Other tasks of the State include the allocation of funds from the state budget to support the implementation of housing policy; maintenance of available data on the housing situation; continuous monitoring of the housing market, the effectiveness and efficiency of individual support instruments and their subsequent adjustments.

The decentralisation has brought with it a strengthening of the influence of local government authorities in decision-making, which has significantly strengthened not only the self-governing function but also the responsibility of individual local governments for various areas, not least housing development. In the SR, the local government has two levels - a municipality and a higher territorial unit (hereinafter referred to as the "HTU").

Under the current framework, *municipalities*, as local government bodies, are closest to the citizen. The basic task of the municipality according to Act of the Slovak National Council No. 369/1990 Coll. on municipal establishment as amended in the exercise of self-government is to take care of the comprehensive development of its territory and the needs of its inhabitants. Municipalities are responsible for the development of individual areas of municipal life, including housing, they cooperate in the creation of suitable conditions for housing in the municipality and procure and approve land-use planning documentation as well as municipal housing development programmes. The aforementioned competence of municipalities is also related to the coordination and provision of land and technical infrastructure for the construction of housing, the initiation of its own construction, the performance of tasks in the field of social services and, last but not least, the management of the municipal housing stock. The responsibility for the formulation and implementation of housing policy in their territory has been delegated to municipalities.

The competence of HTUs is in conceptual, legislative and executive activities resulting from their tasks in taking care of the all-round development of their territory and the needs of their inhabitants according to Act No. 302/2001 Coll. on self-government of higher territorial units (Act on Self-Governing Regions), as amended. HTUs do not create specific documents dealing with housing, but they create strategic development documents of the regions in which housing issues are mentioned. So far, HTUs have not been significantly active in the area of housing development in their territory. However, the legal definition predestines them to work together to coordinate the development of the territory and the individual interests in it, not excluding housing.

The *private sector*, represented e.g., by banking and investment institutions, engineering, design and construction companies, technology innovation companies, management companies, but also by non-governmental actors in the form of civic associations, foundations and non-profit organisations, plays an important role in housing development activities. This status stems from the natural position of private entities in the market as the main players in the

country's economic development. The basic tasks that belong to their portfolio include the provision of financing for housing construction, investment preparation of land for planned construction, project preparation, construction activities, maintenance and management of the housing stock, search and design of alternative solutions in the technical and technological part of the construction processes and the provision of other services in the field of housing.

### **3. Analysis of the housing stock in the SR and the current market situation**

The change of the social and political system in 1989 significantly affects the development and conditions of the housing market. Housing is an integral part of economic change and social development and therefore almost all of the major changes that have taken place over the last thirty years have had a direct impact on housing and its affordability. The termination of support for the system of comprehensive housing construction implemented by the state and the subsequent possibility of transformation of ownership of the housing stock from the ownership of towns, municipalities and housing cooperatives to the ownership of the users of these dwellings have perhaps most significantly affected and continue to affect the availability of housing in Slovakia. Another important factor affecting housing affordability has been the gradual price deregulation of housing-related services, as well as rising housing prices.

In the context of the housing market, a number of other factors can be considered that have a direct or indirect impact on the availability of housing and on the behaviour of the population in procuring housing. Understanding the different factors is important for the different types of policies that can be used to influence the increase in housing affordability, both physically and in terms of price. The basic factors undoubtedly include overall economic development, household incomes, employment and its development, demographic development of society, availability of financial resources, legal environment, ongoing housing construction, etc. Equally important are non-quantifiable factors such as historical experience and preference for living in one's own property, less confidence in the rental sector and others. To assess the current conditions for the development of the housing market means to try to analyse the development so far in the individual areas directly related to housing. In this analysis, we will focus on two fundamental aspects of housing affordability, namely physical accessibility and affordability. The physical accessibility of housing is analysed in terms of the quantity and quality of the housing stock, while the affordability of housing is analysed in terms of the financial situation.

The analysis of the quantitative and qualitative aspects of the housing stock is based mainly on the results of the Population and Housing Census 2011 (hereinafter referred to as the "PHC") and is supplemented by interim data published by the Statistical Office of the SR (hereinafter referred to as the "SO SR"). However, exact data on changes in housing will not be known until the results of the Population and Housing Census 2021 are published.

#### **3.1. Housing stock and the number of dwellings per 1 000 inhabitants**

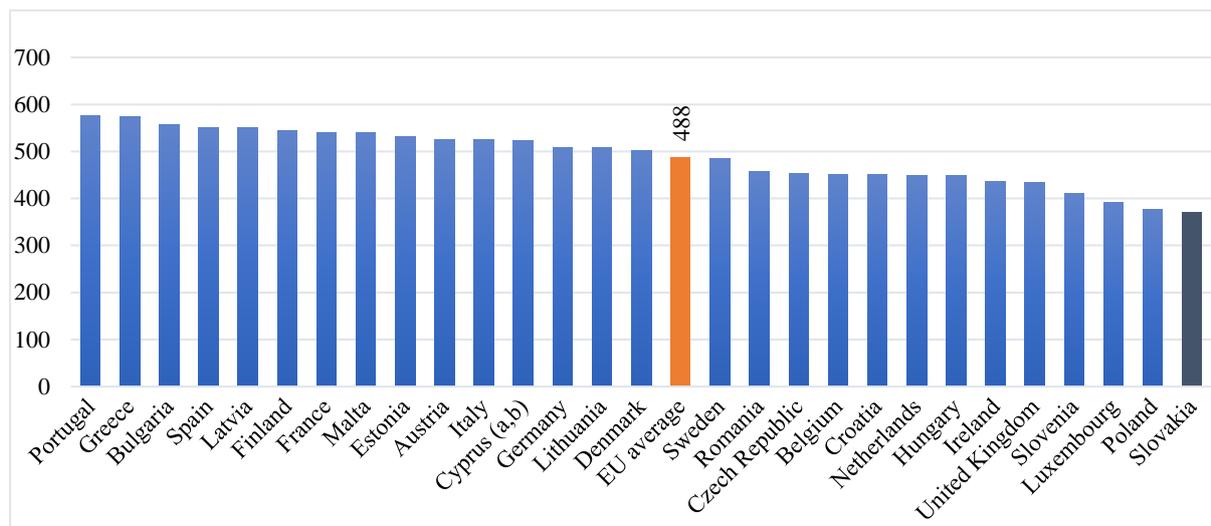
According to the PHC data, there are a total of 1,994,897 dwellings in the territory of the SR, of which 1,776,698 are occupied<sup>7</sup> dwellings, which represents 89.1%. Of the total number of dwellings, 56% were located in urban settlements, with dwellings in residential buildings clearly dominating these settlements with a share of up to 92%. The number of unoccupied dwellings in 2011 stood at 205,729 dwellings.

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<sup>7</sup> A dwelling was considered to be occupied if it had at least one occupant for most of the year, but also if the occupant was temporarily absent.

One of the basic indicators that is also important for international comparison is the indicator of the number of dwellings per thousand inhabitants. The total population based on PHC data is 5,397,036 inhabitants. Thus, at the relevant time, there were a total of 370 dwellings per 1,000 inhabitants, or 329 occupied dwellings. When comparing the data with the data from 2001, it is possible to see a gradual increase in the value of the above indicator, and thus the quantitative level of housing in the SR is gradually increasing (for example, in 2001 there were 352 dwellings per 1,000 inhabitants, or 310 occupied dwellings), but it still lags far behind the level of most EU countries, where the average number of dwellings per 1,000 inhabitants is 488 dwellings per 1,000 inhabitants.

*Chart No. 1: Total number of dwellings per 1 000 inhabitants*

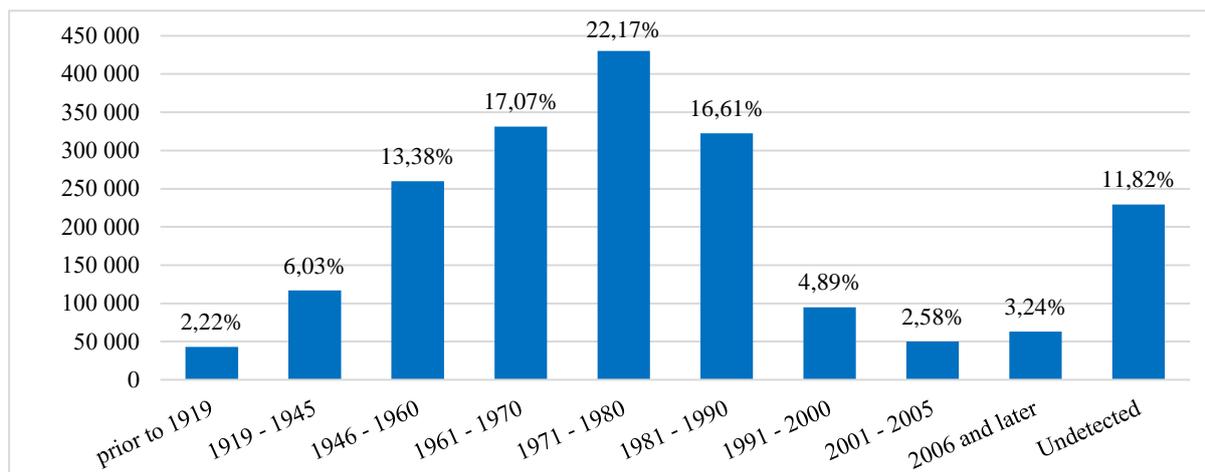


*Source: OECD, Affordable Housing Database available at <http://www.oecd.org/social/affordable-housing-database.htm>; data for 2018 or the last available data; Greece, Malta, Italy, Czech Republic and Slovakia - data for 2011*

At the same time, this indicator also shows significant regional differences in the number of dwellings per 1,000 inhabitants. The largest number of dwellings per thousand inhabitants is located in the Bratislava region (almost 440 occupied dwellings), while in the Prešov region this indicator is at the level of 270 occupied dwellings. In addition to the Prešov region, a low number of dwellings per thousand inhabitants is also achieved in the Košice region and in the Žilina region. Despite the significantly higher number of dwellings per thousand inhabitants in the Bratislava region, we can see that even in this region this number is still below the EU average. At the same time, from the knowledge of the current market trends, it can be stated that even the above-average number of dwellings in the Bratislava region is not sufficient to cover the real demand for housing in this region.

In order to assess the level and quality of housing, it is also important to know the period of construction of the dwelling, as well as the period of its reconstruction. The condition of the housing stock in the SR is to a large extent the result of construction before 1990 (almost 80% of the housing stock). Compared to Western European countries, however, the housing stock of the SR is relatively young, as only 8.2% of the existing housing stock was built before the Second World War (up to 1945). According to the PHC, the average age of dwellings in family houses was 45.7 years and that of dwellings in residential buildings was 38.3 years.

Chart No. 2: Housing stock by period of construction

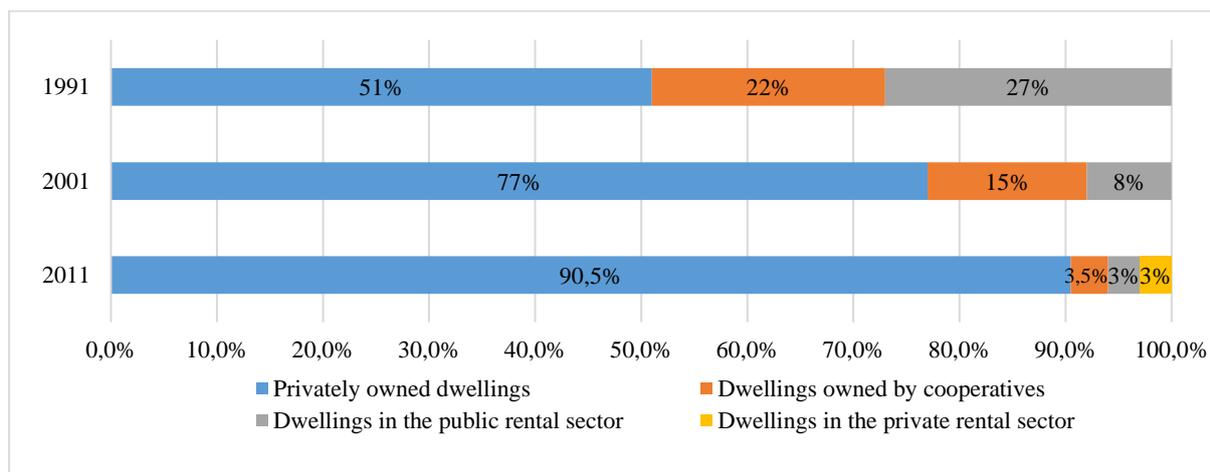


Source: SO SR

Not only the period of construction of the dwellings, but also the quality and standard of these dwellings are an important component of their evaluation. The results of the PHC confirmed the trend of improving housing conditions of the inhabitants, so that, for example, occupied dwellings of category I make up the majority (72.2%) of all occupied dwellings. At the same time, the number of occupied dwellings decreased compared to the previous Population and Housing Census in 2001 - dwellings without heating (by 96.2%), without hot water (by 40.5%), without a flush toilet (by 51.5%), without a running water supply (by 48.4%) and without a bathroom/shower (by 52.7%). In particular, the PHC also focused on the extent of barrier-free access to the dwelling. In 2011, less than 10% of dwellings had barrier-free access for residents. In general, however, it can be stated that the trend of gradual improvement of the technical equipment of the housing stock continues and we expect this trend to be confirmed in the results of the next Population and Housing Census in 2021.

The existing ownership structure of the housing stock in the SR is the result of decisions taken after 1989, which resulted in the mass privatisation of the housing stock. An illustrative development in the change in the ownership structure of the housing stock is shown in Chart 3. According to data from the Population and Housing Census 1991, there were 448,679 (27%) state-owned dwellings in the SR, and additional 357,709 dwellings (22%) were owned by housing cooperatives. Overall, almost half of the existing housing stock in the SR was in various forms of rental housing. After 1991, the process of transformation of the housing stock began. In the first round, state-owned dwellings, as well as part of the dwellings of state-owned enterprises, were transferred free of charge to the property of municipalities. In the second round, the transformation of the cooperatives began in 1992, followed by the privatisation of the housing stock under very favourable conditions for the users of these dwellings in 1993. Detailed data on the detailed procedure of privatisation of the housing stock and changes in the ownership structure is not available, but practice shows that the majority of tenants of municipal flats took advantage of this favourable option and bought the dwelling they occupied. This process has resulted in a huge increase in the proportion of privately owned housing and has led to the near extinction of all forms of rental housing.

Chart No. 3: Development of the ownership structure of the housing stock



Source: internally prepared by the MTC SR; from data of the SO SR

We consider it necessary to emphasise that the process of privatisation of the housing stock is not finished even now. In 2016, the possibility to buy dwellings owned by municipalities built before 1998 under preferential conditions was terminated. It can be assumed that not all tenants of these dwellings took advantage of this option and thus a very marginal number of dwellings from the original housing stock of towns and municipalities built before 1998 remained in their ownership. Other dwellings have been added to their ownership since 1998, thanks to the State support instruments, but the rate of increase is relatively low.

In the cooperative housing segment, there is a gradual transfer of ownership of dwellings and we expect that the share of cooperative dwellings will steadily decline<sup>8</sup>. This is supported by the fact that cooperatives are only minimally preparing new projects for the acquisition of cooperative housing (only 858 cooperative dwellings were completed between 2001 and 2020).

The lack of relevant information on the private rental sector can be considered as a significant shortcoming related to the ownership structure. This is mainly related to the fact that rental dwellings offered on the market are in most cases rented by private owners - natural persons. They have acquired a dwelling or several dwellings as part of privatisation, or they have bought a dwelling as an investment and are renting it out. In many cases, dwellings rented by individuals can be classified as grey market, because not all landlords fulfil their tax obligations. However, from secondary information it can be assumed that the range of dwellings rented out in this way is higher than the PHC data.

### 3.2. Unoccupied housing stock

According to the PHC results, the housing stock of the SR consisted of 1,994,897 dwellings, of which 205,729 (10.3%) were unoccupied. The category of unoccupied dwellings also deserves a deeper analysis with regard to the possibility of increasing housing affordability by utilising the existing housing stock without excessive pressure for new housing construction.

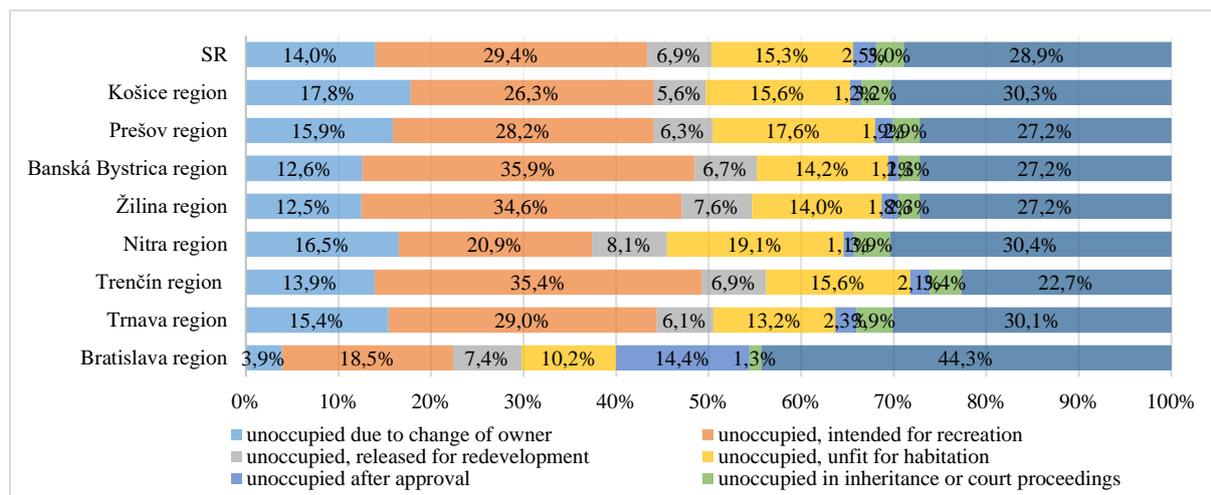
The data on unoccupied dwellings from the PHC were processed and published in the breakdown of unoccupied dwellings in total and unoccupied dwellings in unoccupied houses

<sup>8</sup> The aforementioned was also confirmed by the state statistical survey, which was carried out by the MTC SR from 1 January 2020 to 30 June 2020 and the aim of which was to find out the actual number of dwellings owned by cities, urban districts and selected municipalities and housing cooperatives based in cities as of 31 December 2019. The results showed that as of 31 December 2019 there were only 28,567 dwellings owned by cooperatives. For more information see "Information on the Ownership Structure of the Housing Stock in the Slovak Republic as of 31 December 2019" available at <https://www.mindop.sk/k-31-12-2019>.

by the SO SR. The above breakdown affects the composition of the published data, with more data available on unoccupied houses. Dwellings in family houses, the number of which was at the level of 969,360 at the PHC, accounted for 48.59% of the total housing stock of the SR. They accounted for 41.9% of the permanently occupied housing stock and accounted for 74.9% of the unoccupied housing stock with 152,453 houses.

Geographically, the highest share of unoccupied dwellings was in the Banská Bystrica region (34,175 dwellings) and the lowest share of unoccupied dwellings was in the Bratislava region (14,202 dwellings). From the point of view of possible further use of unoccupied dwellings, it is more interesting to look at the reasons for their unoccupancy.

Chart No. 4: Unoccupied dwellings in individual regions by reason of unoccupancy in %



Source: SO SR

The highest share of unoccupied dwellings due to their unfitness for habitation was recorded in the Nitra region (up to 6,192 dwellings). A high proportion was also recorded in the Prešov, Trenčín and Košice regions. The highest share of unoccupied dwellings due to their use for recreation was found in the Banská Bystrica region (12,264 dwellings). The Bratislava region recorded the highest share of dwellings that were unoccupied for other reasons, as well as the highest share of dwellings unoccupied after completion, which is also closely related to the situation on the housing market and the development of housing construction in this region.

The PHC results show that the majority (more than 60%) of the unoccupied dwellings are located in rural settlements and in terms of type of housing they are dwellings in family houses, while more than a third of them were intended for recreation. Leaving aside the group of other reasons, the second largest group of unoccupied houses is made up of houses unfit for habitation (up to 30 971 houses). Another large group then consists of houses unoccupied due to a change of ownership in inheritance or court proceedings (26,731 houses).

From a regional point of view, the largest number of unoccupied dwellings is in the Banská Bystrica region, where the main reason for unoccupancy is recreational use, and in the Nitra region, where the largest number of dwellings are unfit for habitation.

In the category of dwellings that are unoccupied due to a change of owner, redevelopment, or their owner is being decided in inheritance or court proceedings, or have been post-approval, which totals 54,312 dwellings, it can be assumed that over time (after the reason for which they were unoccupied has passed), they will return to the occupied housing stock. For those unoccupied dwellings that were found by the PHC to be unfit for habitation (dilapidated, in poor technical condition) or used for recreational purposes, totalling 91,921

dwelling, they could not be expected to return to the stock of occupied dwellings on a larger scale.

The exact reasons for unoccupancy, and thus the possibilities for their further use, are unclear for those unoccupied dwellings for which “other” reasons were given or no reasons were found (almost 30% of all unoccupied dwellings). The composition of published data on unoccupied dwellings from the PHC provides very limited scope for their analysis. Considering the fact that the reason for their unoccupancy for other reasons dominated in the Bratislava region (only on the territory of the capital of the SR Bratislava 6,364 dwellings), but also in other larger cities, e.g. Senec, Trnava, Trenčín, Nitra, Považská Bystrica, Žilina, it is possible to believe that a relatively large part of these dwellings will be used for habitation.

Another group of these dwellings consists of dwellings in family houses situated in remote areas of Slovakia, or in more difficult terrain, or in small villages, which are likely to remain in the category of permanently unoccupied dwellings.

There are several reasons for the unoccupancy of the housing stock and they cannot always be precisely specified. Given the projected demographic trends, national economic trends, population preferences and regional structure, it can be expected that the proportion of unoccupied dwellings will gradually increase in some specific areas.

### **3.3. Housing construction<sup>9</sup>**

After the changes in the early 1990s, there is a noticeable recession in the completion of housing under construction from the previous period, followed by a general decline. The revival of housing construction takes place only after 2000. Housing development in Slovakia in the period up to 2009 recorded long-term positive trends characterised mainly by an increase in the number of started and completed dwellings. However, in 2009, the negative effects of the impact of the financial and economic crisis began to be felt and continued in the following years. There was a more significant decline especially in the segment of housing starts and only in 2012 the number of housing starts started to gradually increase. In 2013, it reached almost 15,000 housing starts, indicating renewed progress in housing construction.

In recent years, the private sector has responded to the persistent demand for housing, which has been reflected in a gradual increase in housing construction. Based on the data of the SO SR, 21,490 dwellings were completed in 2020, which was the largest number in the period after 2000. The intensity of housing construction<sup>10</sup> in 2020 reached the level of 3.94 completed dwellings per thousand inhabitants, i.e., the highest level reached since the establishment of the independent SR.

Since the 2011 PHC, 168,769 dwellings have been completed in the SR, while at the same time we have seen a loss of 13,538 dwellings. This means that, on average, 16,800 dwellings were built annually. It can be stated that the net increase in dwellings in the period under review amounts to 155,231 completed dwellings. In terms of the type of construction, dwellings in family houses dominate in the long term, accounting for almost 66% of all completed dwellings.

Compared to other EU countries, the size of dwellings and the number of living rooms are generally smaller in the SR. The above reflects the era of mass housing construction. New construction continues in a similar trend. The average floor area of completed dwellings in privately owned residential buildings in the recent period is at 65 m<sup>2</sup> and in terms of the number of rooms, two-room dwellings dominate in residential buildings. The average floor area of

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<sup>9</sup> Information on housing construction in the SR by individual years is available on the website of the MTC SR ([www.mindop.sk](http://www.mindop.sk)).

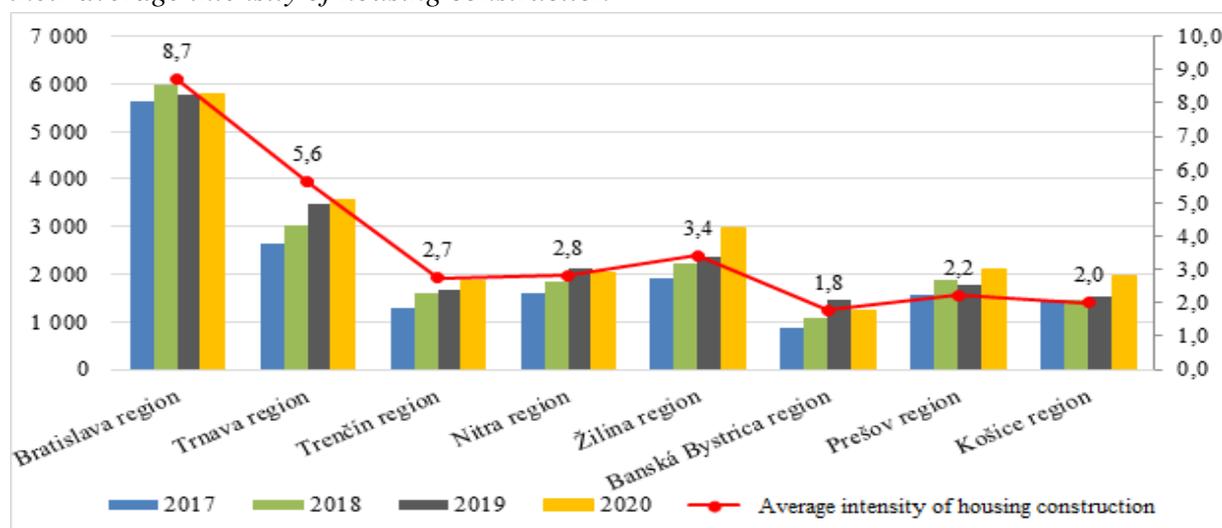
<sup>10</sup> The housing construction intensity indicator expresses the number of completed dwellings per 1 000 inhabitants.

dwellings in family houses is 136 m<sup>2</sup> and in terms of the number of rooms, four-room dwellings had a decisive share in the total number of completed dwellings in this segment.

In terms of forms of ownership, the construction of dwellings is dominated by dwellings in private domestic ownership and to a lesser extent by dwellings in municipal ownership. Other forms of ownership are minimally represented in the long term. Private investors build dwellings only exceptionally for the purpose of rental housing; however, pilot projects have recently been implemented mainly in large cities (Bratislava, Košice).

Housing construction in individual regions largely responds to their economic performance, and regional differences are also evident in this area. Accordingly, it is the Bratislava region that has the largest increase in the number of dwellings. At the same time, in recent years we have also seen an increase in housing construction in other regions, with the exception of the Banská Bystrica region.

*Chart No. 5: Number of completed dwellings by region in the SR between 2017 and 2020 and their average intensity of housing construction*



Source: SO SR

In terms of started dwellings, the last two years have seen a downward trend, with only 19,744 dwellings started in 2020. A significant decrease occurred especially in the Bratislava region (year-on-year decrease by 25.5%), on the contrary, a more significant increase can be observed in the Prešov region (by 19% compared to 2019). Given the scale and duration of the COVID-19 pandemic, we can assume that the decline in housing starts may be one of its consequences.

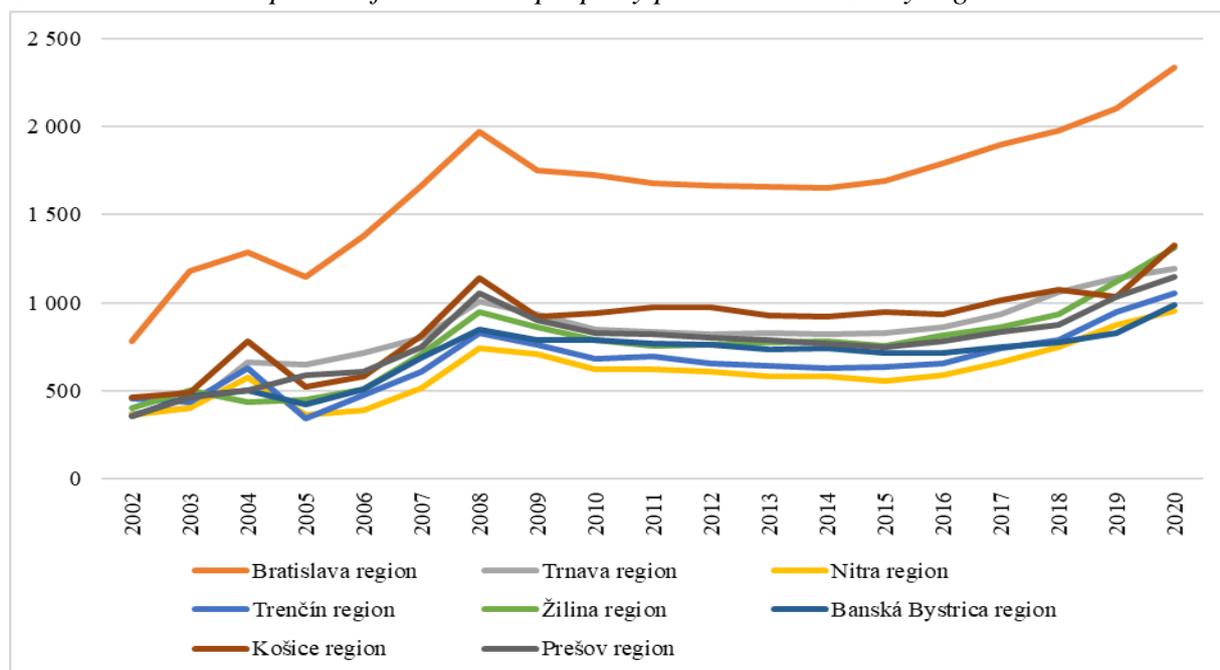
Despite the increasing number of completed dwellings in recent years, demand for housing continues to outstrip supply, especially in urban areas. Investments in both housing construction and renovation have a high multiplier potential and have a positive impact on all sectors of the national economy. For this reason too, barriers to its development need to be removed. The most frequently declared shortcoming is the excessively long waiting time for the issuance of a building permit as well as the process of its issuance itself. According to the Doing Business Index,<sup>11</sup> the SR ranks 146<sup>th</sup> among the countries of the world in the process of construction proceedings and the estimated average length of the processes within the construction and building approval procedure is 300 days. This, of course, affects other processes and puts further pressure on the housing market.

<sup>11</sup> <https://www.doingbusiness.org/en/rankings>

### 3.4. Development of housing prices

The price of housing, or the residential property price, is one of the basic factors influencing the decision to procure housing, for example through the purchase of an dwelling. As we can see from Chart 6, in 2008 housing prices fell due to the financial crisis and stagnated for several years. In recent years, however, demand has grown rapidly and, as the supply of housing is limited on the market, the situation has resulted in an increase in property prices, with dwelling prices now surpassing their 2008 peaks.

Chart No. 6: Development of residential property prices<sup>12</sup> in the SR by regions



Source: NBS

The development of residential property prices underlines the significant regional differentiation of the housing market in the SR. In the long term, the highest residential property prices are in the Bratislava region, followed by the Košice, Žilina and Trnava regions. In other regions, the average price of residential property does not reach even half of the value of the average price of residential property in the Bratislava region. In practice, however, especially in the Bratislava region, the selling prices of dwellings in existing projects far exceed the prices published by the National Bank of Slovakia (hereinafter referred to as the “NBS”).

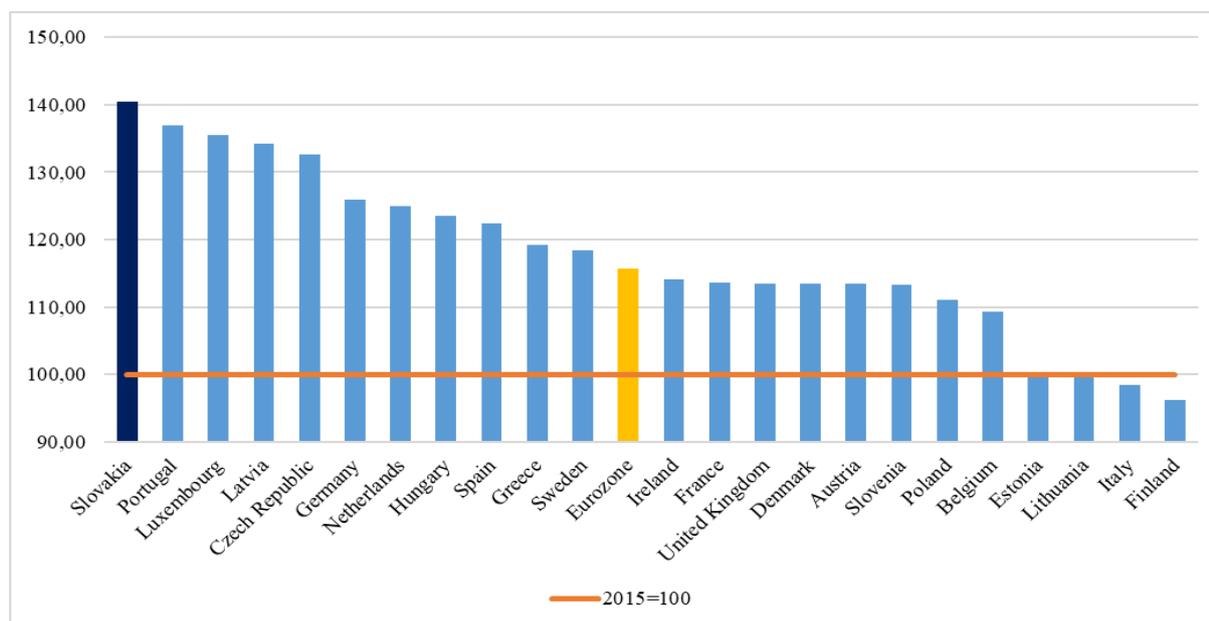
According to the NBS data, the average price of residential property for the whole year 2020 increased by 11.9% compared to 2019. Housing affordability worsened in 2020 especially in the Košice, Banská Bystrica and Žilina regions. The reason for this is the growth in residential property prices, which in 2020 was strongest in the Košice region (the price of housing increased by 28.1% year-on-year). It can be assumed that residential property prices will continue to rise in the coming period (also in the context of developments on the construction market, the expected slowdown in wage growth due to the pandemic situation).

However, the rise in real estate prices is not specific to our country, but can be seen in most EU Member States, as well as in many other countries. The affordability of housing can also be expressed by the ratio of average house prices to the average income of the population.

<sup>12</sup> Average residential property prices published by the NBS include both prices of flats in apartment buildings and prices of flats in detached houses.

Using the above, we can conclude that house prices are currently rising much faster than incomes in most EU countries.

Chart No. 7: House price-to-income ratio



Source: International Monetary Fund, data for 1Q2020

Rising housing prices coupled with changed conditions for obtaining a housing loan are not offset by the supply of affordable rental housing on the market. As a result of privatisation of the housing stock, the SR has an underdeveloped rental market. The supply of rent-regulated public rental housing is limited. The demand for rental housing is more pronounced especially in Bratislava and its vicinity, as well as in other regional cities.

As in other areas, the rental housing market has been significantly affected by the COVID-19 pandemic, the supply of housing has expanded (in response to changed labour market conditions - greater use of telecommuting, non-use of short-term tourist rentals, etc.) and rental prices have either stagnated or declined slightly. In the offer of the portal Nehnutelnosti.sk (April 2021) there are more than 9,400 residential properties for rent, almost 60% of them are located in the Bratislava region.

From the available data it can be stated that the price of residential rents in regional cities (with the exception of Prešov) is already almost comparable to the price of rents in Bratislava.

Table No. 1: Average prices of residential rents

City	Price (EUR/m <sup>2</sup> ) as at 31 December 2018	Price (EUR/m <sup>2</sup> ) as at 31 December 2019	Price (EUR/m <sup>2</sup> ) as at 30 September 2020	Rent for an average 2-room apartment (50 m <sup>2</sup> ) in 2020
Bratislava	12.3	12.36	11.5	575
Banská Bystrica	8.8	10	10.2	510
Košice	10.4	10.9	10.6	530
Nitra	11.6	11.4	10.6	530
Prešov	8.2	8.6	9.1	455
Trenčín	8	10.4	10.4	520
Trnava	11.2	12	11	550
Žilina	11	11.6	10.8	540

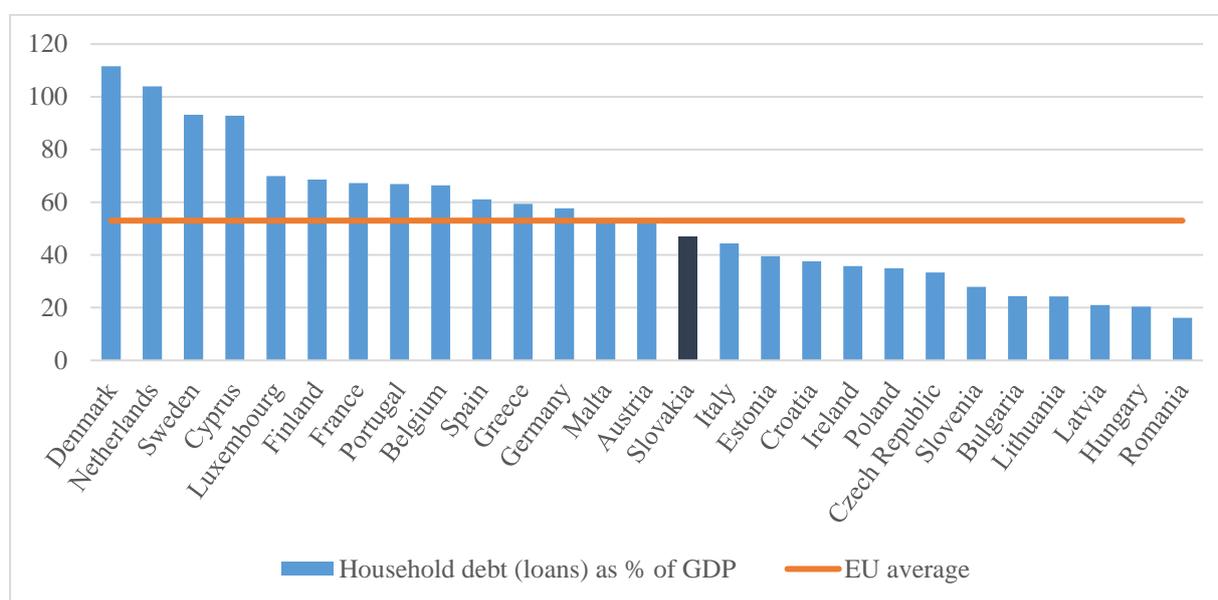
Source: nehnutenosti.sk, internal calculations

In the long term, it can be assumed that the current decline in rental prices is a transitory condition and that rental prices in the market will rise again after the end of the pandemic period as a result of renewed interest in this type of housing and its limited scope.

### 3.5. Housing loans

Despite a slowdown in the growth rate of Slovak household credit over the past two years, the growth of our household debt has long been one of the highest in the EU. By the end of 2020, Slovak household loans reached almost 47% of GDP. Rising household debt is a society-wide problem that can affect both economic growth and the social situation of households. As the NBS data shows,<sup>13</sup> the current developments indicate that the coronavirus crisis is currently limiting mainly the demand for consumer loans, housing loans are not so significantly affected. One of the reasons may be the low interest rates on housing loans in banks, which increases their availability, or the situation on the real estate market.

Chart No.: 8: Household debt-to-GDP ratio in the EU

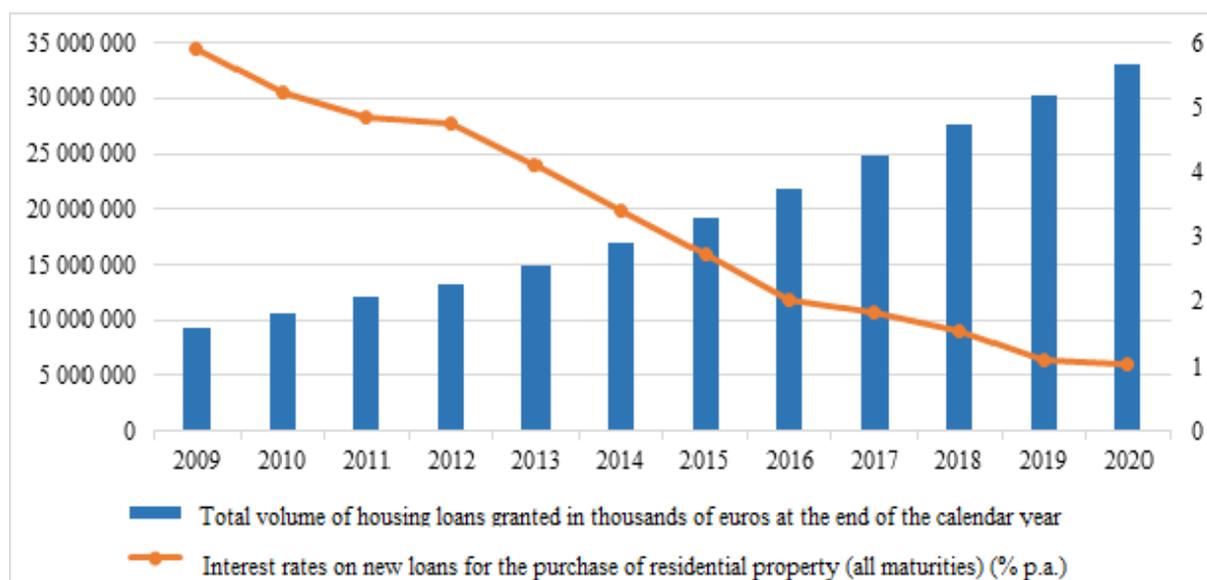


Source: Internally prepared based on European Central Bank data, data for 3Q2020

In spite of the increase in indebtedness for Slovak households, it is still the case that a smaller share of the population is indebted for housing loans than the EU average. According to Eurostat data (2019), 20.6% of Slovak households own a housing property burdened by a mortgage or loan, while the EU average is up to 26.5% of households. This result is again partly due to the massive privatisation of the housing stock, during which the majority of households (tenants of state, municipal and cooperative dwellings) bought dwellings at discounted prices and thus satisfied their housing needs without the need to obtain a loan.

<sup>13</sup> Financial Stability Report, November 2020. Electronic version: [www.nbs.sk/sk/publikacie/sprava-o-financnej-stabilite](http://www.nbs.sk/sk/publikacie/sprava-o-financnej-stabilite)

Chart No. 9: Development of the volume of housing loans



\* including housing loans granted in previous periods

Source: NBS

A situation in which lower income groups also become homeowners through housing loans can pose a significant risk. The experience of other countries, but also the impact of the 2008 financial crisis, points to this. At the same time, as noted in the Financial Stability Report (November 2019<sup>14</sup>), Slovak households also have relatively few financial assets. Thus, in the event of job loss, they have less capacity to cover loan repayments through savings.

The share of non-performing loans in the first 8 months of 2020 reached 2.6%. This low share was partly linked to the deferral option available. According to the NBS, the share of loans with deferred repayments on all housing loans reached 10.5% (as of 30 September, households had deferred repayments on 49 thousand housing loans)<sup>15</sup>.

In order to prevent the emergence of similar risks, the NBS, as a financial market regulator, proceeded to take measures in the banking sector and specifically for the provision of new loans to households. The most important restrictions include limits on the amount of housing loan collateral (LTV), the maximum repayment amount (DSTI), the total indebtedness (DTI), the maturity of the loans, and a number of related qualitative and other technical requirements. These measures were introduced with the aim of slowing the growth of household indebtedness and are intended to lead to a more responsible and prudent approach on the part of both banks and their potential clients. However, in spite of these measures, the volume of housing loans is still growing despite the pandemic. According to the NBS, this also indicates that the current setting of limits by the NBS is not so restrictive for the financial sector as well as clients. However, given the high demand for housing and the supply of housing, which is currently unable to meet this demand, as well as the lack of affordable rental housing, it is likely that in the long term the growth in the volume of housing loans will maintain an upward trend.

### 3.6. Household expenditure on housing

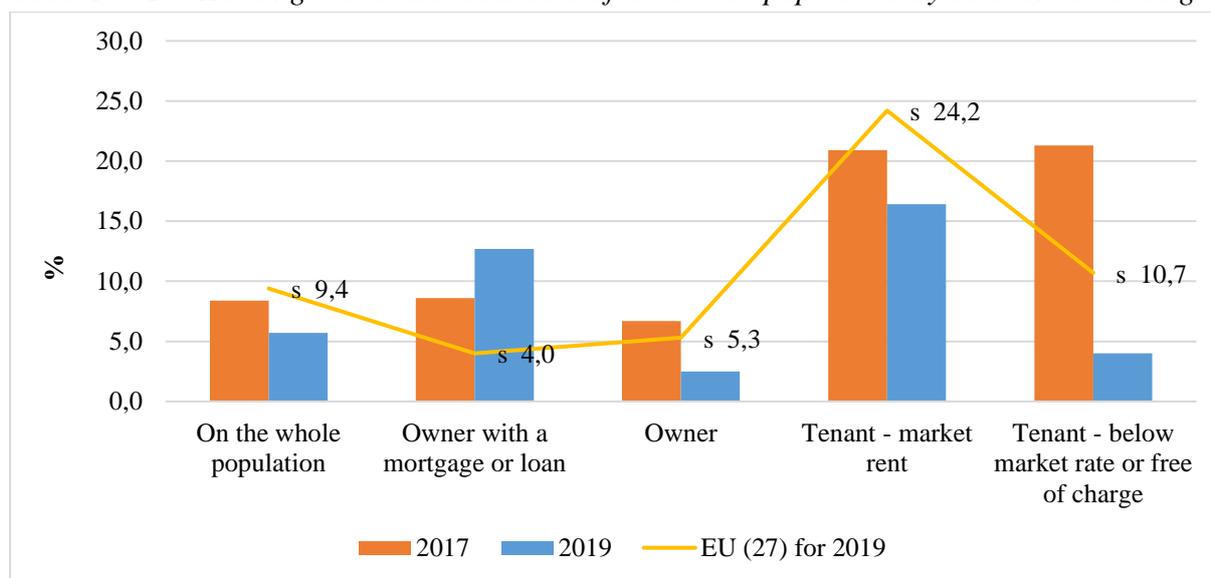
The affordability of housing is affected not only by the cost of providing it, but also by the subsequent costs associated with its use. Housing can be said to be affordable if it does not

<sup>14</sup> Financial Stability Report, November 2019. Electronic version: [www.nbs.sk/sk/publikacie/sprava-o-financnej-stabilite](http://www.nbs.sk/sk/publikacie/sprava-o-financnej-stabilite)

<sup>15</sup> Financial Stability Report, November 2020. Electronic version: [www.nbs.sk/sk/publikacie/sprava-o-financnej-stabilite](http://www.nbs.sk/sk/publikacie/sprava-o-financnej-stabilite)

unduly burden household income. For comparison across EU countries, the indicator “the housing cost overburden rate” is used. A household’s total housing cost is considered to be an excessive burden if it exceeds 40% of its disposable income (net of housing benefit). On this basis, 5.7% of the Slovak population (9.4% in the EU) lived in households where cost accounted for more than 40% of disposable income in 2019. In terms of tenure forms, the overburden of housing cost is least common among households living in their own dwellings, whose housing is not burdened by loans or mortgages. On the other hand, there is a significantly higher housing cost burden for those households living in private rented dwelling.

Chart No. 10: Housing cost overburden rate of the Slovak population by relation to housing

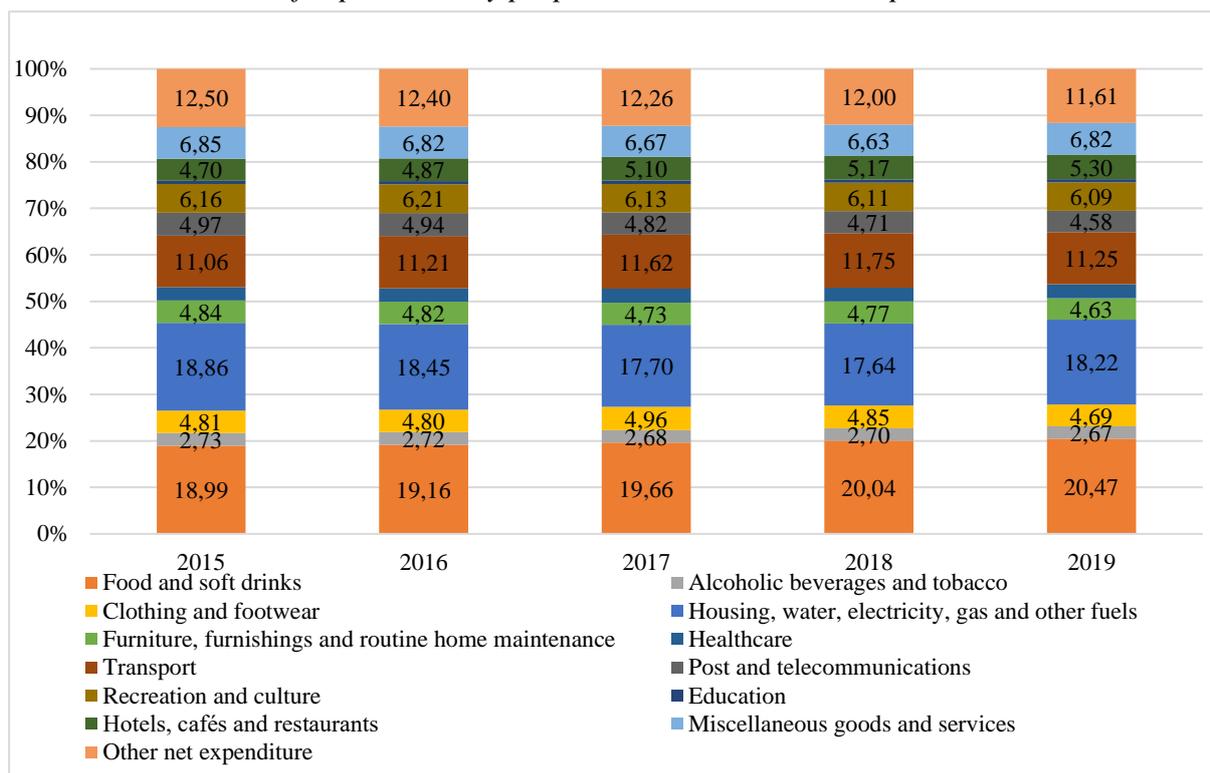


Source: Eurostat (EU-SILC)

Unlike in most EU countries, housing with a mortgage is excessively burdensome for the Slovak population. This is a direct reflection of the fact that even lower income groups are procuring their own housing in this way, as well as rising housing prices. Eurostat data also show that the housing cost overburden has fallen significantly for those households living in rent-regulated housing.

A more detailed view of the structure of Slovak household costs and their impact on household accounts is provided by the data published by the SO SR within the “Household budget” survey. Household budget data make it possible to analyse the structure of income, expenditure and consumption of different types of households and at the same time to project them to the regional level. According to these data, expenditure on housing, water, electricity, gas and other fuels accounted for 18.22% of all household costs in 2019. Together with other expenditures such as furniture, furnishings and routine maintenance, they account for 22.84% of all expenditures. At the same time, after declining in recent years, we have seen a slight increase in the share of housing cost in total household expenditure. Based on the published data, it is also possible to conclude that lower income groups are much more burdened by housing cost, confirming the expected pattern that the share of housing cost in income decreases as income rises.

Chart No. 11: Share of expenditure by purpose in total household expenditure in the SR



Source: SO SR

Expenditure on electricity, gas and other fuels has the highest weight in housing cost (62%), followed by expenditure on water and other utilities. Maintenance expenditure is the least represented. In villages, expenditure on electricity, gas and other fuels is the dominant part of housing cost (75%), while in towns it is to a lesser extent. However, water supply and other services are more heavily represented here.

The share of housing cost in net expenditure is significantly higher for households headed by a person outside the labour market: households headed by an unemployed person (30.4% share of housing cost), a pensioner (25.8%) or an otherwise economically inactive person (29.2%). The same is true for households of specific composition, with a higher share of housing cost going to single-person households (27.8%), single-parent households with children (24%), and childless two-adult households (22%).

The differentiation of housing cost is also reflected at the regional level. Households in the Košice, Banská Bystrica and Nitra regions have an above-average share of housing cost. The share of housing cost in urban areas (as opposed to smaller municipalities) is also slightly above average.

### 3.7. The need for new housing construction

Determining the optimal number of dwellings for a particular country's population depends on many factors that change over time. The need for housing is primarily determined by population-related factors (development of the total number of inhabitants or households, marriage rate, divorce rate, but also the financial situation of households, etc.). The overall economic situation in the country, the development of the labour market and the financial market also influence the assessment of the possibility of housing development. At the same time, such a calculation should also take into account variables and non-measurable parameters such as preferences, expectations and behaviour of the population.

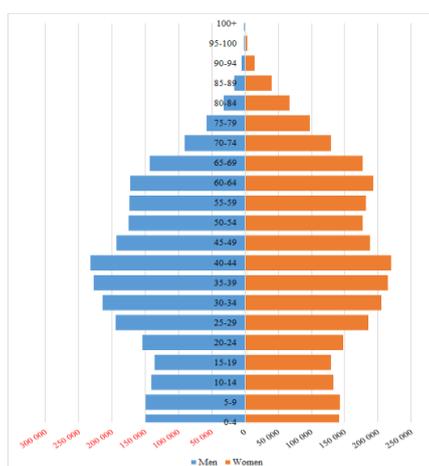
The truth is that quantifying the actual need for housing can therefore be problematic. According to the PHC, in 2011 there were a total of 370 dwellings per 1,000 inhabitants of the SR, or 329 occupied dwellings. To achieve a quantitative level of housing comparable to EU countries, at least 488 dwellings per 1,000 inhabitants would be needed. If we take into account the increase in dwellings since 2011 (i.e. 155,231 dwellings), the housing stock of the SR would consist of approximately 2,150,128 dwellings for 5,459,781 inhabitants as of 31 December 2020. If we wanted to reach the EU level, we would need to have 2,664,373 dwellings. To reach this level, 514,245 dwellings would be missing. The above clearly confirms the physical shortage of housing in the SR.

From a regional perspective, it is even more complicated. For example, the Bratislava region, with almost 440 dwellings per thousand inhabitants in 2011, is close to the EU average in terms of the number of dwellings; in combination with the high intensity of housing construction, it can be assumed that the housing market in this region is the most affordable in terms of the number of dwellings. On the contrary, the Prešov region with 270 dwellings per thousand inhabitants has the lowest number of dwellings per 1,000 inhabitants and new housing construction does not reach significant values. It can therefore be concluded that the development and need for housing in individual regions is to a large extent also linked to their economic performance.

However, in defining the need for new housing construction, other factors must also be taken into account, one of the most important of which is the demographic development of society.

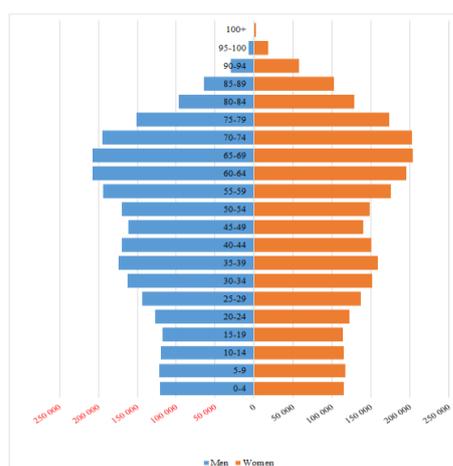
In the long term, demographic development in the SR is characterised by a declining birth rate and an increasing age of the population. According to several population projections for the SR, annual population growth will gradually decrease and over time will turn into annual population decline. Not only the absolute values of the population will gradually change, the age structure of the population will undergo a much more significant change. According to the Eurostat forecast, Slovakia's population will age the most intensively of all EU countries. This will undoubtedly have a significant society-wide impact. The ageing index is projected to exceed 200 around 2050, and in 2060 there are projected to be about 220 seniors aged 65 and over for every 100 children aged 15 and under (currently there are about 80 seniors aged 65 and over for every 100 children)<sup>16</sup>.

Chart No. 12: Age composition of the population 2018



Source: SO SR

Chart No. 13: Age composition of the population 2060



Source: Population forecast until 2060 (Bleha, Šprocha, Vaňo 2013)

<sup>16</sup> Population forecast of the Slovak Republic until 2060

These developments will have an impact on the economic base of society by reducing the working age population. This change will therefore pose a challenge to the housing market, in addition to other economic, demographic and social impacts. As a result of this change, the number of people with a need to secure their first home will gradually decrease, but on the other hand, there will be an increasing number of people for whom housing solutions will represent a qualitatively (among other things, barrier-free housing), but also quantitatively, new challenge for society. We anticipate that various other forms of housing will need to be addressed e.g., housing for the elderly.

Currently, the largest population groups in Slovakia are men and women aged between 30 and 40. According to Eurostat data, in 2019, up to 55% of young people aged 25 to 34 lived with their parents. This is a population group that represents a significant potential for interest, particularly in first home solutions. Of course, the degree of the desired cohabitation must also be taken into account in the above.

The number of census households is also an important indicator for assessing housing need. The tradition of multigenerational families has changed and census data confirms the trend of an increase in the number of census households compared to the growth of the total population. In terms of the nature of households, the Slovak population is atomising, households with fewer members are emerging and the number of households of individuals is increasing. These changes are also a manifestation of purely demographic factors, such as the aforementioned ageing of the population, the reduction in the number of children due to reduced fertility or even the increase in the divorce rate. Between the 1991 and 2011 censuses the average number of household members fell from 2.89 to 2.59. According to the Forecast of the Development of Families and Households in Slovakia until 2030, there will be 2,356,400 census households in the SR in 2025. If we start from this number and consider that every household should have its own dwelling at that date, then 206,272 dwellings are missing (taking into account the number of dwellings in 2020 at the level of 2,150,128 dwellings) in order to ensure such a situation. In the long term (since 2000), an average of 15,700 dwellings per year have been completed in the SR. Up to 40,000 dwellings would need to be completed annually if we were to get close to that level by 2025.

Despite the expected significant changes in the population structure in the future, no significant reduction in housing demand is expected in the short term. Based on the previous calculations and in order to eliminate the shortage of housing, it is advisable to seek optimal legislative solutions and create economic conditions for the development of housing so as to increase not only the number of completed dwellings, but also their quality and affordability and, last but not least, to carry out regular maintenance and renovation to ensure long-term durability.

#### **4. Support of housing development**

The long-term objective of the State housing policy is to raise the overall level of housing and to create legislative, economic and technical conditions so that housing is affordable for the population and so that every household can procure housing appropriate to its needs and its own income level. In order to fulfil the above, a system of economic instruments of housing support in the form of direct and indirect support has been gradually created in the SR.

Direct State support is implemented through:

- subsidies provided by the MTC SR for the acquisition of rental dwellings, technical equipment and the elimination of system failures of residential buildings according to

Act No. 443/2010 Coll. on subsidies for housing development and social housing, as amended (hereinafter referred to as “Act No. 443/2010 Coll.”),

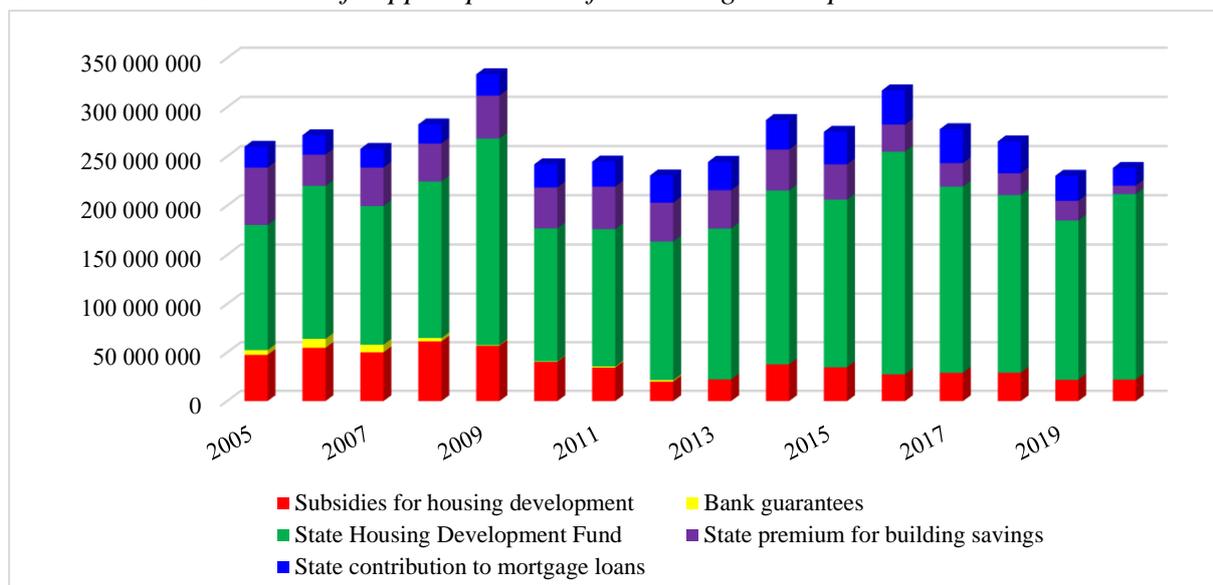
- soft loans provided by the State Housing Development Fund (hereinafter referred to as the “SHDF”) in accordance with Act No. 150/2013 Coll. on the State Housing Development Fund, as amended,
- allowances for the thermal insulation of a family house for the purpose of improving the energy performance of a family house and allowances for a family house with almost zero energy demand in accordance with Act No. 555/2005 Coll. on energy performance of buildings and on the amendment to certain acts, as amended (hereinafter referred to as “Act No. 555/2005 Coll.”).

Indirect State support is implemented through:

- mortgage finance, in which the State support is provided in the form of a tax deduction for young mortgage borrowers,
- the building savings scheme with state support in the form of a State premium for building savings for natural persons and for communities of owners of residential and non-residential premises according to Act of the Slovak National Council No. 310/1992 Coll. on building savings as amended.

Indirect instruments still currently include the “Programme of the State support for refurbishment of the housing stock in the form of provision of bank guarantees for loans”, implemented by the Slovak Guarantee and Development Bank. The origin of this programme dates back to 1999, and its aim was to create the conditions for the use of bank resources in the renovation of the housing stock and to support housing construction. Between 2001 and 2012, this form of support amounted to EUR 43,018,698. However, since 2013, the programme has not been really used and it will be appropriate to consider its continued relevance in the coming period.

Chart No. 14: Overview of support provided for housing development<sup>17</sup>



Source: MTC SR

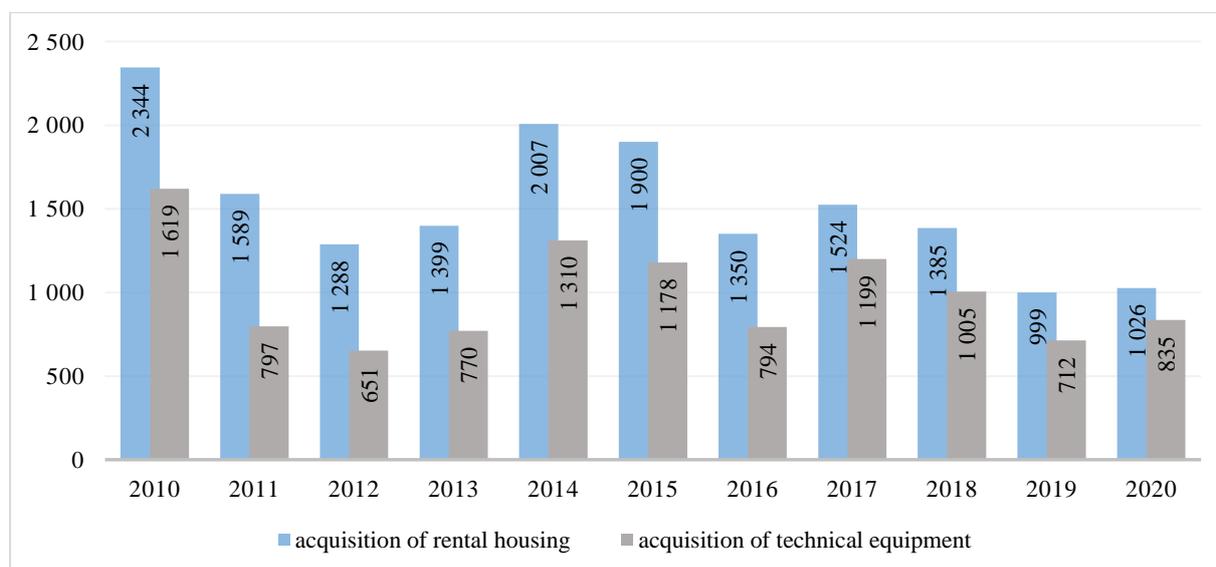
<sup>17</sup> Information on the support provided to the housing sector through the State Housing Development Fund and the Housing Development Programme by individual years is available on the website of the MTC SR ([www.mindop.sk](http://www.mindop.sk)).

The functioning of the above-mentioned instruments responds to changing societal conditions, from which their specific adaptations emerge. Changes adopted in the past period include:

- replacing the provision of the State contribution to mortgage loans and the State contribution for young people to mortgage loans by a deduction from personal income tax (applicable to housing loans granted from 1 January 2018),
- change in the eligibility system for the state premium for building savings (from 1 January 2019), e.g. tying the granting of the State premium to the condition that the funds obtained through building savings, including the State premium, are used exclusively for building purposes,
- modification of the conditions for granting SHDF loans in order to motivate legal persons towards greater activity in the area of providing affordable rental housing,
- modification of the conditions for the provision of subsidies from the MTC SR and SHDF loans in order to motivate local governments to procure public rental housing.

In terms of earmarking, the largest volume of support within the subsidy mechanism of the MTC SR is devoted to subsidies for the development of the public rental sector intended for social housing. The development of this type of rental housing is also supported by a subsidy for the relevant technical equipment for rental dwellings. Together with the soft loan from the SHDF, the municipalities are thus provided with 100% financing of rental housing projects.

*Chart No. 15: Number of public rental dwellings supported by the subsidy of the MTC SR by purpose*



Source: MTC SR

From the regional point of view, the largest number of public rental dwellings was procured in the Nitra region (7,867 rental dwellings), the Trnava and Prešov regions (also more than 7 thousand rental dwellings). On the contrary, in the Bratislava region only 1,117 rental dwellings were purchased in the same period. At the same time, in terms of settlement type, municipalities are much more active in this area than cities.

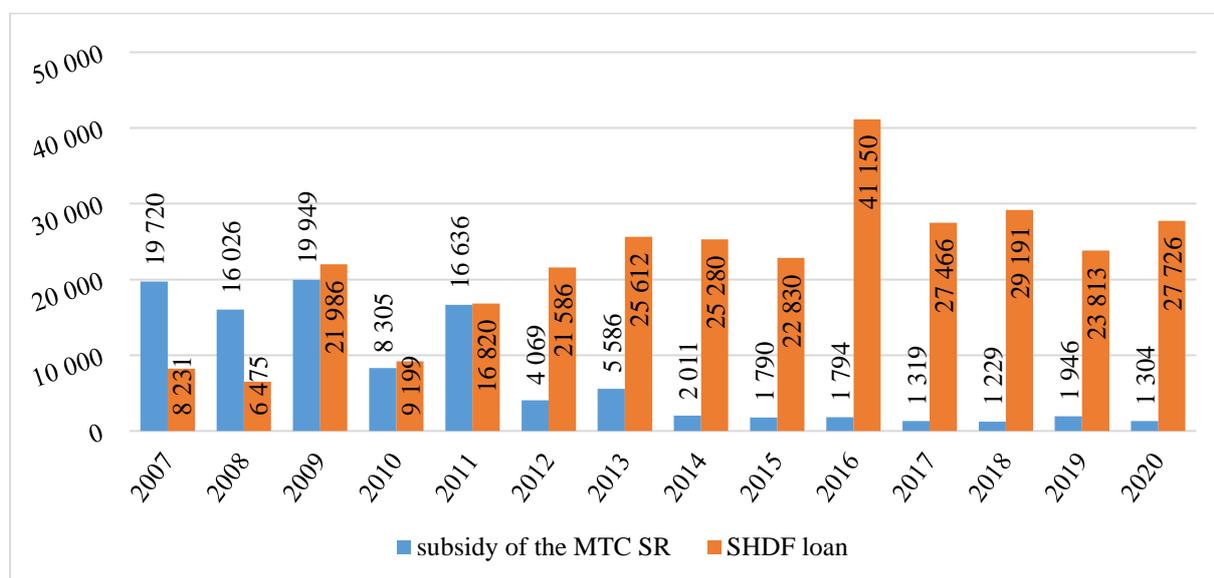
Table No. 2: Comparison of the number of acquired rental dwellings by type of settlement (2000-2020)

	Number of acquired rental dwellings	All local governments			Local governments with rental dwellings		
		Number of local governments	Population as of 31 December 2020	Share of rental dwellings per 1,000 inhabitants	Number of local governments	Population as of 31 December 2020	Share of rental dwellings per 1,000 inhabitants
Cities	20,719	141	2,912,493	7.11	133	2,828,922	7.32
Municipalities	24,676	2,750	2,547,288	9.69	878	1,271,353	19.41
<b>SR</b>	<b>45,395</b>	<b>2,891</b>	<b>5,459,781</b>	<b>8.31</b>	<b>1,011</b>	<b>4,100,275</b>	<b>11.07</b>

Source: MTC SR, SO SR

Housing stock renovation is the second main priority of the national housing policy. The State has been motivating the renovation of residential buildings through direct and indirect forms of support since 1992. By the end of 2019, a total of 67.87% of dwellings in residential buildings and 44.97% of dwellings in family houses had been renovated in the SR<sup>18</sup>, also thanks to appropriately set up mechanisms on the part of the state. At the same time, the share of renovation of residential buildings places us at the top of the EU. However, there has been a shift in funding support in this area in recent years, with much greater use of repayable resources. The implementation of the JESSICA initiative (in the 2007-2013 programming period) through the SHDF with the aim of improving the energy efficiency of existing residential buildings, as well as the continuation of the implementation of a similar instrument in the current programming period (2014-2020), can also be seen as a major positive impact on the increase in the availability of funds for the renovation of residential buildings.

Chart No. 16: Number of dwellings renovated with the support of the subsidy of the MTC SR and SHDF loan



Source: MTC SR

<sup>18</sup> Long term building renovation strategy, p. 18, electronic version: <https://www.mindop.sk/dlhodoba-strategia-obnovy-fondu-budov>.

Family houses represent a sector with considerable potential for further energy savings and emission reductions in our context. In this context, in 2016, the MTC SR introduced support in the form of a contribution for the thermal insulation of a family house for the purpose of improving the energy efficiency of a family house and in 2019 it also introduced a contribution for a family house with almost zero energy demand.

The above-mentioned instruments form the framework for the systemic solution of housing development in the SR and are almost all within the competence of the MTC SR as the housing policy coordinator. However, the area of housing in Slovak conditions is a very cross-cutting topic. Various aspects of housing are the subject of a number of framework documents as well as legal regulations under the competence of other ministries. Accordingly, various areas of housing are also funded by other ministries. At the same time, separate initiatives or pilot projects have started to emerge in the area of support, which are supported by the ESIF.

For example, the Ministry of Economy of the SR (hereinafter referred to as “MEc SR”) is responsible for the implementation of the project “Green for Households”, which is administratively supported by the Slovak Innovation and Energy Agency (a contributory organisation of the MEc SR). This project promotes the use of so-called small-scale renewable energy sources in family houses and residential buildings. Electricity generation equipment, namely photovoltaic panels, heat generation equipment - solar collectors, biomass boilers and heat pumps are supported. The aim of the project is to increase the use of renewable energy sources (RES) in households and the associated reduction of greenhouse gas emissions. The project is part of the Operational programme Quality of Environment (hereinafter referred to as “OP QE”). In the pilot project, EUR 45 million was available in the first phase by the end of 2018 (EUR 41.2 million had been reallocated as of 31 December 2018). In the continuation of the Green for Households II project between 2019 and 2023, EUR 48 million is available.

Other support instruments include the boiler subsidy provided from the OP QE under the competence of the Ministry of Environment of the SR (hereinafter referred to as “MEn SR”), which is also included in the programming period 2021 - 2027. The boiler subsidy will focus on replacing outdated/unsuitable coal-fired boilers by low emission boilers in households. The measure will also need to target low-income households facing energy poverty.

The issue of housing has, of course, a significant overlap with the measures of the social policy of the State, which is carried out by the Ministry of Labour, Social Affairs and Family of the SR (hereinafter referred to as the “MLSAF SR”). Housing allowance is a social policy instrument that affects the ability of socially disadvantaged groups to maintain or procure some form of housing. This is currently provided in the form of an allowance to the benefit in material need within the framework of the provision of assistance in material need under Act No. 417/2013 Coll. on assistance in material need and on the amendment to certain acts, as amended (hereinafter referred to as the “Act on Assistance in Material Need”). Due to the linking of the allowance to the benefit in material need, only a small part of the population is covered by this allowance. The amount of the housing allowance is set at two levels (EUR 58.50 per month for a single-member household and EUR 93.40 per month for a multi-member household), but it can be noted that the amount of the allowance itself covers only a small part of the real housing costs. In December 2020, according to the data of the Centre of Labour, Social Affairs and Family, 61,491 recipients were paid benefits in material need with allowances, which accounted for 134,197 persons. Of this number, 28,424 persons were awarded the housing allowance.

Another area is the promotion of the provision of housing for people in a difficult situation, which is dealt with either through social service facilities, but mainly through the provision of social services. Amendments to Act No. 448/2008 Coll. on social services and on the amendment to Act No. 455/1991 Coll. on trade business (Trade Licensing Act) as amended,

as amended, in the last period were aimed at supporting the process of deinstitutionalisation of the social services system, as well as increasing the quality of the services provided. A special category financed from the budget chapter of the MLSAF SR is represented by contributions provided pursuant to Act No. 447/2008 Coll. on monetary allowances for the compensation of severe disability and on the amendment to certain acts, as amended (monetary allowance for the adaptation of an dwelling, monetary allowance for the adaptation of a family house). The aim of these allowances is to remove barriers and thus facilitate the relocation of a severely disabled person.

Act No. 112/2018 Coll. on social economy and social enterprises and on the amendment to certain acts as amended came into effect in 2018. The Act defined, among other things, the so-called social housing enterprise. According to the explanatory memorandum to the Act, the purpose of introducing this type of enterprise is to create space in Slovakia for the development of rental housing in the non-profit sector, following the Austrian model that has been successfully operating for decades. It is not intended to replace or interfere with the existing social housing model, which is based on a combination of a subsidy and a favourable loan from the SHDF. On the contrary, the idea is to complement this model through enterprises that are inspired by it, but extend it with a different mix of aid - a minority is to take the form of non-repayable aid, but the majority is to come from commercial sources, thanks to the “leveraging” of financial instruments. Under the Act, a social housing enterprise must rent out at least 70% of the housing it owns at a discounted, cost-based rent to households whose monthly income in aggregate does not exceed four times the amount of the minimum subsistence figure. More than half of any profits must be reinvested in the enterprise to fulfil its function. As of 31 December 2020, 255 social enterprises were registered with the MLSAF SR, but only one of them was registered as a social housing enterprise. Given the short period of time the Act has been in force, it is too early to assess the operation of social housing enterprises in practice.

From resources managed under the National Development Fund II., a. s. (an investment fund through which financial instruments from the European Structural and Investment Funds are implemented in the 2014-2020 programming period), Slovak Investment Holding (a joint stock company wholly owned by the Slovak Guarantee and Development Bank) supported the establishment of the company Dostupný Domov (Affordable Home) (an enterprise with a social impact within the meaning of Article 5(3) of Act No. 112/2018 Coll. on social economy and social enterprises and on the amendment to certain acts) in 2020 through an equity investment on equal terms with co-investors. The aim of this project is to enable disadvantaged persons and socially less advantaged groups of the population to obtain affordable housing through the promotion of rental housing for disadvantaged groups.

The Office of the Plenipotentiary of the Government of the Slovak Republic for Roma Communities (hereinafter referred to as the “OPGRC”) has provided subsidies to support the social and cultural needs and to address the particularly unfavourable situations of the Roma community in the past years from the budget chapter of the Office of the Government of the SR (Act No. 524/2010 Coll.) and from the budget chapter of the Ministry of Interior of the SR (Act No. 526/2010 Coll.).

Supported activities include in particular:

- provision of technical equipment in settlements with marginalised Roma communities, repair and reconstruction of dwellings and social housing, project documentation for lower standard dwellings, internal retrofitting and fuel storage for lower standard dwellings,
- the creation and protection of the environment and protection of health of the inhabitants of Roma communities,

- support for the remediation of housing disrepair caused mainly by natural disasters, the action of natural elements or fires,
- support for the supply of electricity, heat, fuel or water for human consumption in cases of threat to human life and health, in particular in situations of exposure to adverse external environmental influences or adverse weather conditions,
- support for the settlement of ownership of dwellings and the land on which they are located, or for the purchase of land by the municipality for the construction of new dwellings.

We could also continue to list other support instruments that contribute to improving the quality of housing and therefore the standard of living, such as the support provided by the MEn SR for the construction of sewers and public water supply systems, etc.

All the above-mentioned support, as well as many other activities in the field of housing, only underline the cross-cutting and challenging nature of the housing issue. At the same time, however, they encourage the strengthening of the coordination of these activities in order to maximize the positive impacts on the level of housing in the SR.

## **5. Evaluation of the fulfilment of the objectives of the State Housing Policy Concept to 2020**

The State Housing Policy Concept to 2020 (hereinafter referred to as the “Concept”) was approved by Government Resolution of the SR No. 13 of 7 January 2015. The long-term priority of the state housing policy is to gradually increase the overall affordability of housing for the population so that every household can secure housing appropriate to its particular income situation. The fundamental mission of the State is primarily to create a stable market environment for the fulfilment of this objective. At the same time, other actors have a role to play in improving housing conditions, in particular local governments (local or regional), the private sector, and inhabitants themselves. Each of these entities has its own specific position.

As in previous periods, the Concept contained partial objectives, the achievement of which was intended to contribute to a positive shift in the housing sector, particularly in the area of the legal framework for housing and support instruments. Specific measures proposed were, for example, the creation of new instruments to support the private rental sector, maintaining the dynamics of housing stock renovation, the introduction of a separate housing allowance, the creation of a multi-stage transitional housing system, as well as the regulation of tenancy relations in the Civil Code.

Following the defined measures, the Government Resolution of the SR on the Concept contained a total of 11 tasks for the relevant ministries (namely the Ministry of Finance of the SR (hereinafter referred to as the “MF SR”), the Ministry of Justice of the SR (hereinafter referred to as the “MJ SR”), the MEc SR, the MLSAF SR and the MTC SR), which were to be implemented gradually until 2020 or in a longer period of time. A large part of these have been met, but some priorities have not been met at all and, in view of the remaining problems, should remain valid for the next period. The evaluation of the implementation of the Concept is dealt with in detail in a separate report on the implementation of the objectives of the Concept.

Although it can be stated that the majority of the specific time-bound tasks of the Concept have been fulfilled, they have been fulfilled formally rather than by a real shift in practice. These are mainly areas that are not within the competence of the MTC SR. These tasks include, for example, the recasting of the Civil Code and the necessary modification of the current legal framework in the area of rent, which has been stagnant for a long time. It is also a request for a change in the current regulation in the area of price regulation of rents in dwellings procured

from public funds. In spite of the fact that the MF SR, as the coordinator of price regulation, in cooperation with the MTC SR prepared a proposal for a new measure in this area, it has not been pushed forward to the next legislative process. The same applies to the task concerning the new housing allowance legislation, which was originally proposed in the State Housing Policy Concept to 2015. The MLSAF SR prepared a draft of a new legal regulation, which, however, was not subject to further legislative process.

For the above reasons, the MTC SR, from the perspective of the coordinator, has identified several barriers that hinder more effective implementation of the objectives of housing policy. These are barriers at both national and local level.

The following barriers have been identified at national level:

- Limited public resources for housing development.
- Competence inter-ministerial fragmentation accompanied by disregard for the coordination role of the MTC SR in the field of housing. Although the MTC SR cooperates with the ministries that intervene in the field of housing, it does not have sufficient tools to fully enforce the intentions of the housing policy.
- Housing is a cross-cutting issue. Housing itself is the subject of a number of conceptual and strategic materials, as well as legal regulations under the competence of various ministries. This situation does not contribute to the effective implementation of housing policy at national level.
- Inconsistent coherence between housing policy measures, as well as frequent legislative changes.
- Housing policy support programmes usually do not take into account the specific situation in individual regions.
- Lack of transparent data on the housing market. As a result of the liberalisation of the market, there is currently no relevant information on the condition of the housing stock in the SR and thus the State's ability to monitor the existing situation and to propose specific effective solutions is affected.
- Long-term stagnant situation of the legislative process of new building regulations and the recasting of the Civil Code.
- Excessive land fragmentation.

The following barriers have been identified at local level:

- Insufficient activity of local governments in the task of providing housing for their inhabitants, especially cities as engines of economic development, or the low level of use of existing instruments.
- The absence or only formal existence of local housing policies often not based on the real conditions and needs of a particular municipality.
- Minimal involvement of higher territorial units in addressing housing issues.
- Little effective land policy at local government level.
- Low level of cooperation at the level of individual local governments, as well as with the private and non-governmental sector in the field of housing.

## **6. Housing Policy of the Slovak Republic until 2030**

Housing policy is one of the State policies whose measures and instruments contribute significantly to the quality of living standards of the population. The analytical part shows that the biggest problems and challenges in the field of housing are the physical shortage of housing stock, the low availability of rental housing, the deterioration of the financial affordability of housing for a large part of households, demographic changes in society, and limited public resources for housing support. Adequate attention needs to be paid to these areas in order to achieve objective improvement in each area.

Given the cross-cutting nature of the housing topic, the Housing Policy 2030 Objectives are developed as an identification of those changes that need to be implemented in cross-ministerial cooperation, while respecting the competences of individual ministries. Individual policies need to work together across the spectrum of decisions to achieve a significant shift in the affordability and quality of housing in the SR. To support the adoption and coordination of specific tasks, tools and mechanisms, it is proposed to establish a cross-ministerial coordination platform at the MTC SR.

The basic vision of the State until 2030 is to achieve an increase in the availability and quality of housing in the SR by focusing on increasing the affordability and physical accessibility of housing with an emphasis on the development of all forms of rental housing. Improving the quality of the existing housing stock is an integral part of this vision.

This vision will be implemented through the fulfilment of measures that should result in the achievement of the following partial objectives:

- Increase in housing supply through the creation of a stable environment;
- Increase in the availability of all forms of rental housing; and
- Improvement of the quality of housing.

The implementation of the measures in each partial objective is proposed for the period up to 2030. The prioritisation of the proposed actions is done through the Action Plan to 2025, which is included in this material.

From the quantitative point of view, the implementation of the measures in the above partial objectives is aimed at fulfilling the objectives set out in the Vision and Strategy for the Development of Slovakia until 2030, namely:

- Increase in the number of available dwellings per 1,000 inhabitants to at least the EU average (395 dwellings);
- Increase in the proportion of rental (including barrier-free) housing in the total available housing stock to 10% by 2030; and
- Improvement of the social affordability of housing by doubling the share of rent-regulated housing in the total housing stock from 1.6% to 3% in 2030.

### **6.1. Increase in housing supply through the creation of a stable environment**

Housing affordability is one of the most important factors in the development of a society. The primary problem of the Slovak housing market is the physical shortage of dwellings per inhabitant. It is a shortcoming that has not only arisen in the last 30 years, but is a historical legacy. At the same time, the construction of new dwellings is insufficient in terms of number. This disproportion results, among other things, in rising prices in all housing segments. Measures in this section should therefore mainly focus on areas that will create the preconditions for intensifying the construction of new housing.

Creating a stable environment (especially in the area of financing and legislation) for all actors in the housing market is an essential condition for the efficient functioning of the market. In particular, legislation, quality regulation and a stabilised financing system are prerequisites for the fulfilment of housing policy objectives.

The existence of relevant and up-to-date data on the housing market is a prerequisite for the effective setting and subsequent evaluation of housing policy objectives. The SR has long had significant reserves in this area. Long-term and systematic collection, publication and analysis of housing data is essential for the development of adequate public policies. It is therefore desirable, following the results of the Population and Housing Census 2021, to analyse the data content and define the scope of the data needed as well as the interval of data collection. The aim should be to create a register containing relevant information on the housing stock in the SR.

In view of the above, it is necessary from the position of the State:

**Adopt a new Act on Construction and an Act on Land-Use Planning to streamline the construction process.** Lengthy processes within the building and land-use planning proceedings are currently a significant barrier on the construction market. Within the framework of the new Act on Construction, it is necessary to implement measures that will address the issue of unauthorised constructions, strengthen the level of responsibility of individual registered activities (e.g., construction supervision), but also support the construction of barrier-free user-friendly dwellings. Digitisation of the construction process as well as the land-use planning process must also be an important part of construction legislation. A stable legislative environment together with the removal of administrative barriers will have a positive impact on the entire construction sector and will support an increase in the overall level of housing construction and housing affordability.

**Amend the current legislation to ensure a mutual balance of legal status between owner and tenant when renting a dwelling.** The current general legal regulation of dwelling lease in the Civil Code is still based on the original concepts, where the right, the protection of the right and its enforceability is to a greater extent on the side of the tenant compared to the rights on the side of the landlord. Act No. 98/2014 Coll. on short-term rental of dwellings, as amended by Act No. 125/2016 Coll. (hereinafter referred to as the “Short-Term Rental Act”) provides a solution. However, such dual regulation is not desirable in the long term. The existence of two legal provisions regulating identical legal relations in different ways brings with it a number of application problems and uncertainties. The Short-Term Rental Act establishes the subsidiarity of the Civil Code, which means that relations not regulated by one act are to be governed by the provisions of the other. In order to increase the flexibility of tenancy relations, it is necessary to change the current legal framework of tenancy relations when renting a dwelling in order to incorporate the provisions of the Short-Term Rental Act into the Civil Code when it is recast, thus balancing the position of the landlord and the tenant.

**Financially stabilise support for the development of rental housing and support for the renovation of residential buildings, with an emphasis on the energy efficiency of residential buildings.** In order to improve and increase stability for the development of the rental housing market and to continue the implementation of significant renovation of residential buildings with an emphasis on reducing the energy consumption of residential buildings, we can also identify as one of the needs the definition of a regularly earmarked amount from the state budget for the negative impact on the interest of local governments in the preparation of public rental housing projects, as well as other potential providers of rental housing and thus further contributes to the reduction of the availability of housing. Due to economic cycles, changes in preferences, and different priorities and interests in the State budgeting, it would be appropriate to legally link housing spending to GDP in a given year. We

propose to set the level of spending at a minimum of 0.5% of GDP (in 2020 it was only 0.11% of GDP). Given that this paper is being presented in a period heavily affected by the COVID-19 pandemic and its economic consequences, it is clear that the reality of post-pandemic consolidation of public finances will to a large extent dampen the increase in public spending in the years to come. The shortfall of the state budget may be partially supplemented by resources from the Recovery Plan or the ESIF, but their use is limited in purpose and time and does not replace the stability of the resources allocated in the state budget. Nevertheless, a level of 0.5% of GDP should be achieved gradually by 2030. This would also mean that such targeted housing development and affordability would become a real social priority and a stable financial mechanism for housing support would be created.

**Create an environment for more efficient exercise of property rights and management and maintenance of residential buildings.** Act No. 182/1993 Coll. on the ownership of residential and non-residential premises, as amended, regulates the manner and conditions of acquisition of ownership of dwellings and non-residential premises (hereinafter referred to as “NRP”) in a residential building, the rights and obligations of the owners of these buildings, the rights and obligations of the owners of dwellings and NRP, their mutual relations and rights to the land. In addition to the right to own and dispose of a dwelling or NRP, the right of ownership is also understood as the right to maintain and manage such property, therefore the Act also regulates the forms of management of residential buildings and their actors. In an effort to increase the professionalism of management, Act No. 246/2015 Coll. on managers of residential buildings and on the amendment to Act of the National Council of the SR No. 182/1993 Coll. on the ownership of residential and non-residential premises, as amended was adopted. The Act introduced conditions for the exercise of the activity of managers, in particular the professional qualification of the manager. The results of the inspection activities of the Slovak Trade Inspection point to serious problems related to the management of residential buildings. Therefore, it is necessary to focus on the possibilities of increasing the control powers of the authorities in the relationship of manager vs. owner, or to unify control in this area. From practical experience, it can be noted that there is no adequate competence of the State control bodies to deal with recurring problematic situations, therefore owners are left to solve their problems with the management of residential buildings through court proceedings, which are often lengthy and at the same time excessively burdensome for the courts.

## **6.2. Increase in the availability of all forms of rental housing**

Slovakia has long been among the EU countries where the share of owner-occupied housing exceeds 90% of all dwellings. After 1990, ownership of the dwelling in which a household lives is taken as an expression of its social status. The preference for living in one’s own dwelling is still predominant, as evidenced by the figures that show the ownership structure of completed dwellings. The rental sector accounts for only about 6% of all dwellings. Rental housing, especially affordable rental housing, is a component of the market in other European countries to a degree that is notably absent in Slovakia. The shortage of affordable rental housing is even more pronounced in those regions or cities where there is a significant demand for housing. A well-developed and diversified rental housing sector is one of the support mechanisms to increase the availability of housing for different income groups and can also positively influence the labour market and labour mobility. However, it is important to emphasise that it is not possible to set an optimal target range for the share of rental housing in the SR. This depends on various factors that cannot be determined for all countries in general. Despite the above, there is a need to focus on state support mechanisms that would significantly increase the supply of rental housing and, in particular, affordable rental housing. In addition to the development of public rental housing (also intended for social housing), it is necessary

to stimulate the development of private rental housing. One of the innovative elements could also be a model of state-assisted rental housing. From the position of the State, this assumes the creation of a suitable legislative framework and stimulating conditions for the private sector to enter this segment, which will in turn be balanced by a regulated rental price and stable long-term housing conditions. It should not be forgotten that intensive new construction brings with it the implementation of related and conditional investments, which also put increased pressure on the need for public funding. Examples are car parks, transport and technical (including water supply) infrastructure and civic amenities.

However, the question remains whether the preference of inhabitants for owner-occupied housing can be influenced by a larger volume of rental housing. Rental housing is associated with the idea of housing for the most vulnerable and thus often the most problematic groups of the population. Therefore, it is necessary from the position of the State (in cooperation with the local government and other actors) to educate the media to popularise rental housing both in terms of interest in this type of housing, but also in removing the prejudices of residents against the construction of rental housing in their neighbourhood.

Given the scope of the partial objective, it is necessary to take specific action in the following areas:

### **6.2.1. Public rental housing**

The term “public” most often means that rental housing is owned and provided by a public entity, i.e. mainly a municipality. Another way of looking at the concept of “public” is in terms of financing, and thus rental housing that is procured with public support (whether from the state, but also regional and local levels) and provided at non-market rents (mostly regulated) is considered to be public. As such, housing provided by non-profit organisations, cooperatives or other private entities is also considered public rental housing abroad. Not infrequently, therefore, the term is also identified with “social housing”, depending on the specific conditions of the country in question.

Following the State aid rules (see chapter 1.2.), according to Act No. 443/2010 Coll., social housing is considered to be housing procured with the use of public funds intended for adequate and humanly dignified housing of natural persons who are unable to procure housing by their own means. The general identifier of the social status of housing users - income - is used as the assessment criterion. The SR thus ranks among the European countries where social housing is broadly understood as housing provided with public support and intended for households up to a certain income. The currently set income threshold covers all vulnerable groups in terms of scope, while allowing for a healthy social mix. In terms of scope, social housing is therefore identical with the public rental sector and the most common provider is the municipality itself.

Through the established financing system, the State has been trying to motivate local governments to procure rental housing intended also for social housing since 1998. Thanks to this, more than 45,000 public rental dwellings have been acquired in the territory of the SR (we are an exception in terms of the countries of the former Eastern Bloc or V4, as we are the only country with a long-term systematic support of this segment). The extent to which public rental housing financing options are used varies both regionally and locally. In the long term, municipalities and smaller towns are more active than cities with significant economic potential and demand for housing (a typical example are the cities of Bratislava and Košice, which have long been inactive in the procurement of rental housing).

A key role in the use of the existing funding model is played by the own activity of municipalities and cities, which should know the needs of their inhabitants and implement local housing policies accordingly. The implementation of such long-term policies is notably absent

in local government. In doing so, local housing policy directly affects the quality of life in a municipality. Local housing policy should offer proposals and procedures to address the housing requirements of residents, not only by setting its own priorities for new construction and renovation of housing stock, but also taking into account cooperation with the private sector and other actors. An essential part of such local government planning must, of course, be land policy (the use of its own land, land acquisition and the development of infrastructure to support housing development).

Recently, it is possible to observe a lower interest of local governments, especially cities, in the procurement of rental housing. This is caused by several factors: the unavailability of suitable land, the unstable and limited amount of funding from the state budget intended to support the procurement of rental housing, public procurement processes, the subsequent management of rental housing, as well as the administrative burden associated with obtaining support, and often negative attitudes of the inhabitants of the municipality themselves towards rental housing.

We propose the following measures in this area:

**Establish a system for the objective pricing of rent in publicly funded dwellings.** The aim of this measure is, on the one hand, to ensure the long-term sustainability of the existing rental dwellings for the acquisition of which the State support has been provided and, on the other hand, to allow the adjustment of rent levels to tenants. Currently, the maximum annual rent in rent-regulated dwellings is 5% of the acquisition price. However, the regulation does not respond both to the development and growth of the costs associated with the management and maintenance of the acquired rental housing and does not allow for the inclusion of the costs associated with the renovation of these dwellings in the purchase price. This procedure does not allow for an increase in the rent collected and municipalities are not able to finance overheads in the long term from the rent collected alone. At the same time, it is a model that does not respond flexibly to the incomes of households living in such dwellings.

**Adopt measures to enable more efficient access by local governments, in particular to the State-owned land and unused real estate for the purpose of social rental housing.** The legislation in force (e.g. Act of the Slovak National Council No. 330/1991 Coll. on land arrangements, settlement of land ownership rights, district land offices, the land fund and land associations as amended) allows for the transfer of land to the ownership of the municipality under the conditions defined by law. Also Act of the National Council of the SR No. 278/1993 Coll. on the administration of the State property, as amended, contains provisions that address the possibility of transfer. The aim of the measure is to rationalise and streamline these options.

**Analyse the possibilities and subsequently introduce support for the reclassification of unused housing stock for the purpose of (social) rental housing.** According to the PHC 2011 results, more than 10% of Slovakia's housing stock is unoccupied. In order to preserve the existing housing stock and at the same time not to create unnecessary pressure for new construction, it is necessary to look for ways (of course, in cases where it is technically possible) to reuse it for housing purposes. One way is to allow local government to acquire such a dwelling and use it for social rental housing purposes.

### **6.2.2. Private rental housing**

Local government is expected to continue to be one of the key players in the development of rental housing, but it is necessary to look for other forms that have the potential to expand the physical availability and affordability of rental housing, or housing other than owner-occupied housing (e.g. including cooperative housing). It is the private sector that should

provide rental housing for people with no limits on their income. The sector should therefore contribute in particular to increasing labour mobility.

The very entity that has the potential to make a significant contribution to the expansion of the number of rental dwellings are the entities providing the construction of dwellings in private mode. In order to expand the supply of affordable rental housing, it is necessary to identify barriers to the entry of private entities into this segment. In the SR there is no motivating legislative framework that would stimulate the creation of this segment, which is significantly represented in most EU countries. It is necessary to focus on adjusting the legal conditions and, consequently, on creating support instruments for other entities in order to expand affordable or private rental housing.

We propose the following measures in this area:

**Develop economic instruments to stimulate private sector to participate in the construction and provision of rental housing.** It is clear from foreign experience and practice that the development of housing construction progresses when the private sector participates in it also in the form of private rental housing. Various measures can be taken to increase the availability of rental housing. It is therefore desirable to analyse the effectiveness of incentive instruments and their possible impact on the state budget and subsequently introduce support to stimulate the financing of rental housing from private capital.

**Define opportunities for public-private partnership projects designed to address the challenges of increasing the number of affordable rental housing units.** A public-private partnership framework for rental housing can contribute to increasing the number of rental dwellings. In connection with the development of rental housing, it is necessary to define a public-private partnership clearly defining the tasks and regulating the mutual relationship between the State and the private sector, entering not only into the actual implementation of the construction of rental housing, but also its subsequent operation. However, public-private partnerships at the local level need to be defined in the same way. One of the important tasks of local government is to create favourable conditions for the development of housing. The local government has a number of formal instruments for this - the basic ones are the land-use plan, the economic and social development programme, but also the housing development programme. Cooperation between municipalities and the private sector is a model that is not being exploited despite the high potential for benefits for both parties. It is also a model that works commonly abroad.

**Analyse the system of bank guarantees provided by the Slovak Guarantee and Development Bank and propose measures for the effective functioning of this system in order to support rental housing.** If a private entity is currently considering the implementation of a residential project intended for rental, first of all, if it does not have its own financial resources, it encounters the difficulty of financing such a project by banks, also due to the significantly longer loan repayment horizon compared to a traditional project intended for sale into ownership. The guarantee system should motivate banks to provide long-term loans for rental housing projects. For this measure, we rely on the experience with the “Programme of state support for refurbishment of the housing stock in the form of provision of bank guarantees for loans” by the Slovak Guarantee and Development Bank, where the initial conditions were similar.

### **6.2.3. State-assisted rental housing**

One of the main priorities of the Government of the SR is to find a financial and operational model for the construction of state-run rental housing that will be sustainable and at the same time will not increase the budget deficit and public debt (Manifesto of the

Government of the SR for the period 2021 - 2024). It is proposed to expand the spectrum of forms of rental housing by a new type - state-assisted rental housing (with a regulated rental price, which will be significantly lower than in the case of commercial rental with a guarantee of long-term housing). The construction of state-assisted rental dwellings will create a new segment on the housing market that fills the gap between social housing, commercial renting and personal ownership. State-assisted rental housing will be targeted for middle- and lower-income groups of the population who, despite permanent income, are unable to secure their own housing (in the form of a housing loan or a commercial lease), or this form of housing represents an unbearable financial burden on the household in the long term and thus significantly affects the quality of life. At the same time, it is desirable that the new legislation should also take into account the support of persons with disabilities and the barrier-free nature of the dwellings included in the scheme.

By creating a functional business model for the construction of state-assisted rental housing, the state will create support tools to increase the affordability of housing for different income groups, especially in cities where the availability of housing is most critical, support mobility for work and the development potential of natural urban regions (in terms of attractiveness for potential new residents and investors), create an environment for young families to secure affordable housing, create stimulating conditions for Slovaks considering returning from abroad and may also positively influence the decision of part of the population not to migrate (human capital flight).

We propose the following measure in this area:

**Adopt the necessary legislation to ensure an efficient and transparent set-up and operation of the state-assisted rental housing model.** The legislation in question must define, from the position of the state, the rules for the selection of partners, the rules for the conclusion, amendment and termination of the investment contract, the specification of rental housing projects under the investment contract, the criteria for tenants, the method for determining the amount of rent, and proposals for the adoption of decisions in the area of creating conditions and instruments for the development of state-assisted rental housing. At the same time, it will also contain a modification of the economic instruments for the functioning of state-assisted rental housing, which will make it possible to create a system that is independent of public finances.

#### **6.2.4. Solving the housing conditions of vulnerable population groups**

There are certain groups in society that are unable to provide or maintain adequate housing on their own in the long term. In accordance with the principles of social policy, it is desirable from the position of the state to create appropriate conditions for addressing their situation. It is therefore the area where state intervention should be most evident.

In the case of vulnerable groups, we cannot speak of a homogeneous group, as their needs are different and require a different approach. The vulnerability of groups is mostly linked to their income situation, but can also be related to a particular life stage or health condition. These groups demonstratively include lower income groups, members of marginalized Roma communities, those who have been raised in orphanages, large or young families, persons with disabilities, seniors, foreigners and migrants, homeless people, people returning from prison, and others. There are also groups that can be identified as vulnerable for a variety of reasons, but cannot be “pigeonholed” with a simple label. This is why it is desirable to define target groups in local housing policies on the basis of the characteristics that make them structurally disadvantaged and vulnerable, with the aim of creating a positive social climate and social inclusion.

Addressing the housing conditions of vulnerable groups is also the subject of public rental housing (intended for social housing) support. However, given the limited scale of this segment and the low annual growth rate, it is not reasonable to expect that it can meet the real housing needs of these groups. This is why measures are proposed that have the potential to stimulate the development of rental housing in its entirety.

In order to prevent or address the housing deprivation of vulnerable groups, it is necessary to focus not only on activities in this area towards strengthening resources and capacities to increase the availability and quality of housing, but also the availability and quality of social services in accordance with the needs of the target groups. Other forms of temporary accommodation with the subsequent possible acquisition of permanent housing have and will have an indispensable role to play in resolving housing crises. Supported housing pilot projects (housing-first and rapid re-housing) for homeless people, including rooflessness and people with addictions, should also be gradually implemented in practice, with the aim of introducing systemic solutions in this area. At the same time, to improve the quality of life of people with disabilities, but also in the context of an ageing population, there is a need to focus on the provision of accessible, barrier-free housing in accordance with the principles of universal design or adaptable housing.

We propose the following measures in this area:

**Strengthen personnel capacities to carry out social work with vulnerable groups in the area of housing.** Practice shows that there is a continued need to strengthen the personnel capacities to carry out social work. Housing is a specific area and solutions often require an individualised approach, taking into account the specific situation of the person seeking advice or services.

**Prepare, in cooperation with relevant partners, recommendations for local government in the selection of tenants and allocation of rental housing intended for social housing.** Application practice and findings show that some municipalities have incorrectly set criteria for the allocation of rental housing. In practice, this is due to the fact that the local government does not have precisely quantified the life situations of people to whom it would be able to provide rental dwellings. The rules for the allocation of dwellings set conditions that are either unachievable for these people in terms of the amount of rent, or the local government sets criteria that are additional barriers to the effective use of rental dwellings.

**Motivate local governments to build accessible, barrier-free rental housing.** Persons with disabilities have different requirements for the layout or equipment of the dwelling and thus have difficulty in obtaining housing on the open market. However, this is not only the case for people with disabilities, but also poses a challenge in terms of an ageing population. The aim of the measure is to motivate municipalities to provide barrier-free rental housing through existing support instruments.

**Systematically link social rental housing with the provision of social support services where justified.** Within the framework of support services (support for independent living), it is possible to provide various types of assistance to individuals in various adverse situations directly in their natural environment (i.e. also in a social rental dwelling). In order to promote the integration of different vulnerable groups, it is desirable to systematically use social support services in the provision of social rental housing.

#### **6.2.5. Affordability and sustainability of housing**

Housing affordability aims to ensure that the price of housing corresponds to the financial situation of the population. Affordability or unaffordability equally affects owners as well as tenants. We are experiencing the phenomenon of poor owners, where although a household or

individual owns the dwelling in which they live, the cost of running the dwelling, together with other costs of living, makes it increasingly difficult for these groups of households to maintain a reasonable standard of living. A different perspective can also be seen in the concept of energy poverty, a condition in which individuals or households do not have sufficient financial resources to provide heating and other energy necessary for the functioning of the household.

In general, housing affordability has deteriorated recently. Real estate prices have risen faster than household incomes in recent years, and other housing-related expenditures also account for a larger share of total household expenditures. Housing costs are therefore a greater burden on households. By default, lower-income households are most negatively affected. Today, however, even middle-income earners are beginning to experience rising housing prices as a problem.

The housing allowance is an instrument for improving the affordability and sustainability of housing. The current setting of the housing allowance, which is part of the aid in material need, allows partial reimbursement of housing costs only under exhaustively defined legal conditions, namely for households receiving aid in material need. Most countries have more than one instrument to financially assist households with housing costs. The conditions for entitlement and the amount of the allowance abroad also typically depend on the household income, its composition and the housing costs. The housing allowance in the SR is relatively insensitive to households' living conditions compared to foreign examples. In the long term, in order to maintain the sustainability of housing not only for the lowest income households, it is necessary to adjust the current parameters of the housing allowance. From the point of view of the MTC SR, also based on experience from abroad, an appropriate solution is a separate legal regulation of the housing allowance, but this solution has always failed so far due to the unavailability of funds in the State budget.

We propose the following measure in this area:

**Take measures to strengthen support for the financial sustainability of adequate housing and allocate adequate financial resources in the state budget.** Taking further measures will ensure more effective assistance to vulnerable groups aimed at maintaining adequate legal housing. The support measures will have the effect of reducing the burden of housing expenditure on households, thus preserving an adequate part of households' disposable income to provide for other needs, which ultimately contributes to raising the standard of living of the population.

### **6.3. Improvement of the quality of housing**

It is not only the affordability and physical availability of housing that forms the basis of a successful housing policy, but also the quality of housing itself. The quality of housing can be assessed from a number of important aspects, primarily from a building-technical point of view, but also in terms of the location, or the location of the dwelling / house, the economic aspect, subjective satisfaction with housing, etc. Different attributes of housing give us its quality. At the most general level, the quality of housing is influenced by the surrounding environment. The environment is currently facing major changes, not least in the context of the perceived negative impacts of climate change. Emphasis on the quality of the living environment should be a natural requirement in the context of the use of scarce natural resources and environmental pollution.

In the coming years, it is therefore necessary to focus attention also on the urban-appropriate location of buildings and the quality of architectural solutions. Considering the permanently growing area of built-up areas of settlements and the negative impact of this fact on the climate condition, it is more than desirable to locate new construction within the already

urbanised area. Solutions can be in the form of intensification, of redevelopment or revitalization of neglected and unused areas, the so-called brownfields. Taking new natural or agricultural land should be a last resort. In particular, land-use planning tools should be used for these purposes. Ensure the regulation of building conditions and land use in order to create an environment for sustainable housing and related functions through high-quality professional processing of land-use planning documentation in the relevant stages. It is recommended to use urban planning and architectural competitions as a suitable tool for procuring solutions based on their quality.

Given that more than 70% of the housing stock is the result of pre-1990 construction, renovation is a strategic housing policy priority. Not only in accordance with national legislation<sup>19</sup>, but also in line with the global targets and goals set by the EU,<sup>20</sup> the aim is to achieve a gradual reduction of energy demand in buildings. However, this rule is not only applied in renovation, but also in the construction of new buildings. From 2021, all new buildings must meet the parameters of near-zero energy buildings. The technical solutions of such buildings bring high comfort of the indoor environment to their users. Achieving this goal is also possible by consistently applying the principles of sustainable construction.

We have had a successful period in the renovation of residential buildings, but the renovation of family houses represents a more significant challenge for the coming period. Over time, however, we are reaching a situation where the first residential buildings renovated after 1990 will already need further renovation to improve their basic structural characteristics with the aim of further reducing their energy consumption. However, we must not lose sight of the fact that renovation should also respect the protection of cultural heritage in relation to the traditional and contemporary values of the environment. The renovation should also include elements to improve the accessibility of these buildings (measures for the removal of barriers).

A very important factor in the construction or renovation of a building is to ensure the quality of the indoor environment and the associated benefits to the user's health and comfort. On average, 80 to 90% of a person's time out of the day is spent indoors. The quality of the indoor environment in buildings therefore has a significant impact on the quality of life. In the construction of new buildings, it is necessary to require solutions and procedures that ensure a sufficient quality of the indoor environment. The measures applied in the renovation should also contribute to a better quality of the indoor environment, thus ensuring a higher level of well-being and comfort for users and improving health. When reducing the energy intensity of buildings, it is important to implement solutions that ensure a reduction in energy consumption, but at the same time provide an optimal environment for living and working, i.e. an indoor environment that does not have a negative health impact on building users. From this point of view, it is necessary to deal with parameters defining a healthy indoor environment such as thermal comfort, indoor air quality (fresh air supply, moisture removal, removal of microorganisms, etc.), provision of sufficient daylight but also artificial light, acoustics, safety, barrier-free accessibility and the building materials used. In addition to measures aimed at improving the energy performance of buildings, adaptation of the existing housing stock to climate change will also be important in the future. Appropriate measures are vegetated (green) roofs and green façades, measures promoting sustainable rainwater management, bioretention systems for rainwater retention. Shading of houses against overheating is ensured by means of sunblinds or climbing greenery on the structures. Additional measures and new shading elements such as pergolas and shelters or shading sails are used. Measures related to architecture, such as colouring the façade with light colours and the use of shading of buildings

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<sup>19</sup> Act No. 555/2005 Coll.

<sup>20</sup> E.g. the "Clean energy for all Europeans" initiative, the European Green Deal and the "Renovation Wave" initiative, or the recently published "Fit for 55 package"

with tall greenery, etc., are appropriate and inexpensive. Due to high air pollution, especially in urban areas, the requirement to remove impurities and small dust particles from the incoming air, e.g. by using heat recovery through recuperation, is becoming a topical requirement.

Within the existing instruments supporting the renovation of residential buildings, we have an established system of interacting measures, both in the form of subsidies and a significant share of loan funds. At the same time, banking and savings companies also play an important role in the renovation of the housing stock on the market, where there are a number of support mechanisms in the form of loans. It is advisable to maintain the existing measures and instruments in the area of housing stock renovation and to gradually look for possibilities of further extension or transformation of these instruments.

Newly developed instruments promoting the reduction of energy intensity and also promoting the replacement of energy generating technologies have started to establish themselves in the sector of dwellings in family houses. This work needs to be continued and further opportunities sought to contribute to reducing the energy demands of these buildings.

Accordingly, we propose the following measures in this area:

**Increase the synergies of individual measures in the area of family houses renovation.** Currently, there are a number of measures and instruments aimed at improving the energy performance of family houses. These are not only measures aimed at improving the thermal insulation of the building as such, but also promoting the use of renewable energy sources (RES). However, these measures are implemented without mutual coordination. In order to achieve the maximum possible level of savings and increase the comfort of housing, it is necessary to coordinate the actions of individual ministries in the future. This means that, for example, support for the installation of RES must be coordinated and linked to a programme of thermal insulation of family houses, while targeting poorer households to support the fight against energy poverty. However, it is important not to stop at just improving energy performance, but to link existing tools with climate change adaptation measures, such as rainwater harvesting, the implementation of vegetated roofs, as well as preparing for an increase in the average outdoor temperature through passive interventions such as the installation of shading technology.

**Unify conditions in the building savings scheme.** Building savings are a specific type of savings that provide financing for the acquisition or reconstruction of housing. However, the issue of the unbalanced position in relation to building savings and its support in the form of a state premium for owners of dwellings who have established a home owners' association and owners of dwellings that are managed by a management company has long been raised in professional discussions. From the point of view of the effectiveness of the instrument, it would be advisable to adopt a legislative amendment to the Building Savings Act to eliminate this difference.

**Adopt and implement measures to reduce the energy consumption of residential buildings, in particular in the areas of building construction, heating systems, hot water preparation, to increase the use of renewable and low-emission energy sources, and to develop solutions to support adaptation to climate change.** In accordance with the objectives of the EU as well as the SR, the long-term strategic priorities of the state include the renovation of buildings in order to achieve a gradual reduction of energy consumption in buildings following the application of the provisions of Act No. 555/2005 Coll., as well as Act No. 321/2014 Coll. on energy efficiency and on the amendment to certain acts, as amended. The residential sector is an important source of energy saving potential. It is important that measures continue to be taken in the coming period to motivate owners to renovate housing stock, to use low-emission and renewable energy sources, and to implement measures to increase the climate resilience of buildings. It is therefore necessary to regularly evaluate the State support

instruments in the field of renovation and energy performance improvement. Where necessary, to propose changes to motivate owners' interest in renovation, as well as the integration of new climate change adaptation measures into the support instruments.

## **7. Action Plan to 2025**

The Action Plan to 2025 presents the tasks whose solution is a priority and whose fulfilment will create a prerequisite for further development of the housing sector. The main objective of the Action Plan is to work together with other measures taken in the corresponding areas to increase the availability and quality of housing in the SR.

The Action Plan to 2025 contains a number of cross-cutting measures, but it also contains a number of areas where no significant progress has been made so far, despite the fact that previous conceptual documents have pointed to the need to address them. It contains 11 priority tasks, two of which, for objective reasons, are proposed for implementation beyond 2025.

In 2025 there will be a first assessment of the achievement of the proposed priority tasks. The evaluation process will also result in the creation and updating of an action plan for the period up to 2030. This is intended to maintain an interval of approximately five years for the preparation of conceptual documents in the field of housing, so that it is possible to respond flexibly to changing conditions.

Given the fact that this material is being presented in a period severely affected by the COVID-19 pandemic and its economic consequences, it is clear that the budgetary resources of the State will be limited, which may also affect the implementation of some of the proposed tasks. It can also be assumed that municipalities and HTUs will also be affected by the reduction in revenue. The requirements that may arise in connection with the implementation of the priority tasks will be quantified and assessed when individual legislation or relevant non-legislative material is presented.

The proposed priority tasks are as follows:

- 1. Propose and submit to the National Council of the SR a new Act on Construction and an Act on Land-Use Planning to streamline the construction process.**  
Coordinator: Office of the Deputy Prime Minister of the Slovak Republic  
Cooperation: MTC SR  
Deadline: 30 June 2022
- 2. Streamline public procurement processes for rental housing.**  
Coordinator: Office of the Deputy Prime Minister of the Slovak Republic  
Cooperation: Office for Public Procurement  
Deadline: 31 December 2022
- 3. Amend the Civil Code in the area of renting a dwelling to ensure more equal conditions for renting a dwelling on the part of the landlord and the tenant.**  
Coordinator: MJ SR  
Deadline: by the deadline for the drafting of the text of the Civil Code
- 4. Establish a supra-ministerial coordination platform for housing policy.**  
Coordinator: MTC SR  
Cooperating ministries: MLSAF SR, MF SR, MEn SR, Government Office of the SR (OPGRC), MJ SR, Ministry of Investments, Regional Development and Informatization of the SR, Antimonopoly Office of the SR  
Deadline: 30 June 2022

- 5. Amend Act of the Slovak National Council No. 330/1991 Coll. on on land arrangements, settlement of land ownership rights, district land offices, the land fund and land associations as amended with the aim of better and more efficient access of the local government to land for the purpose of construction of rental housing.**  
Coordinator: MARD SR  
Deadline: 31 December 2022
- 6. Establish a working group with the participation of relevant entities to identify and propose solutions to ensure more efficient exercise of property rights and management and maintenance of residential buildings.**  
Coordinator: MTC SR  
Deadline: 31 December 2022
- 7. Adopt and implement measures to reduce the energy consumption of residential buildings, in particular in the areas of building construction, heating systems, domestic hot water preparation, and to increase the use of renewable and low-emission energy sources, as well as to develop solutions to support adaptation to climate change.**  
Coordinator: MEc SR, MTC SR, MEn SR  
Deadline: 31 December 2025
- 8. Analyse the system of bank guarantees provided by the Slovak Guarantee and Development Bank and propose measures for the effective functioning of this system in order to support rental housing.**  
Coordinator: MF SR, MTC SR  
Cooperation: Slovak Guarantee and Development Bank  
Deadline: 31 December 2023
- 9. Implement a media campaign to promote rental housing.**  
Coordinator: MTC SR, SHDF  
Deadline: 31 December 2025
- 10. Prepare recommendations (methodology) for local governments in the selection of tenants and allocation of rental housing intended for social housing.**  
Coordinator: MTC SR  
Cooperation: Association of Towns and Municipalities of Slovakia, Union of Towns and Cities of Slovakia, MLSAF SR, Government Office of the SR (OPGRC)  
Deadline: 31 December 2022
- 11. Evaluate the progress made in meeting the Housing Policy 2030 targets, including a proposal for updating it.**  
Coordinator: MTC SR  
Deadline: 31 December 2025