

# Housing Reforms in Czechia and Poland



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# Foreword

Housing affordability has become a pressing challenge in many countries. Demand for housing has been fuelled by rising incomes, rapid urbanisation, and demographic shifts, including population growth, ageing, and a trend toward smaller households. At the same time, rising demand has outpaced supply, constrained by high construction costs, restrictive land use regulation, and limited public and private investment in housing. As a result, access to adequate, affordable housing has become harder for low- and middle-income households, as well as people in vulnerable situations.

These challenges resonate in Czechia and Poland, which have experienced strong economic growth and significant improvements in living standards, higher incomes and lower unemployment putting upward pressure on the demand for affordable housing. The report presents an-depth analysis of housing market trends and provides a set of policy actions to improve housing affordability and develop housing solutions for vulnerable groups in Czechia and Poland.

The analysis presented in the report draws on the OECD's cross-cutting extensive expertise on housing and benefitted from inputs and insights from a range of actors in Czechia, Poland and other OECD and EU countries. This includes expert views from a broad range of Czech and Polish stakeholders collected through a survey circulated in each country, as well as two webinars with Czech and Polish stakeholders to discuss the draft recommendations. In addition, the recommended policy actions draw on practices and experiences from other countries, including insights from two peer-learning events with key institutional actors organised in Belgium and France in June and October 2024. The aim of these exchanges was to learn from practices related to increasing access to affordable and social housing; expanding the role of not-for-profit and private affordable housing providers; strengthening the role of land use, spatial planning and land-based finance tools to increase the provision of social and affordable housing; and expanding access to housing for vulnerable groups, including through the provision of integrated housing solutions. Finally, an OECD seminar, organised in May 2025, facilitated further exchange among Czech and Polish authorities and delegates of the OECD Economic and Development Review Committee, the OECD Regional Development Policy Committee and the OECD Working Party on Social Policy.

The work was carried out by the OECD in cooperation with the Reform and Investment Task Force (SG REFORM) of the European Commission, within the framework of the Technical Support Instrument (TSI) of the European Union.

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# Executive summary

## House prices and rents have increased in Czechia and Poland, leaving many households to struggle to afford housing that meets their needs

Over the past three decades, Czechia and Poland have experienced strong economic growth and significant improvements in living standards. Higher incomes and lower unemployment have put upward pressure on the demand for housing in an already challenging housing context, recently further reinforced by the pandemic, the cost-of-living crisis, and the war in Ukraine. Most households are owner-occupiers in both countries, following the privatisation of the housing stock in the transition out of communism in the 1990s. Consequently, other segments of the market – including market-rate rental housing in Poland, and below market-rate rental housing in Czechia – remain underdeveloped, which limits housing options for residents who cannot afford to buy a home. At the same time, Czechia and Poland also face specific challenges and priorities that call for a tailored approach to housing policy reform.

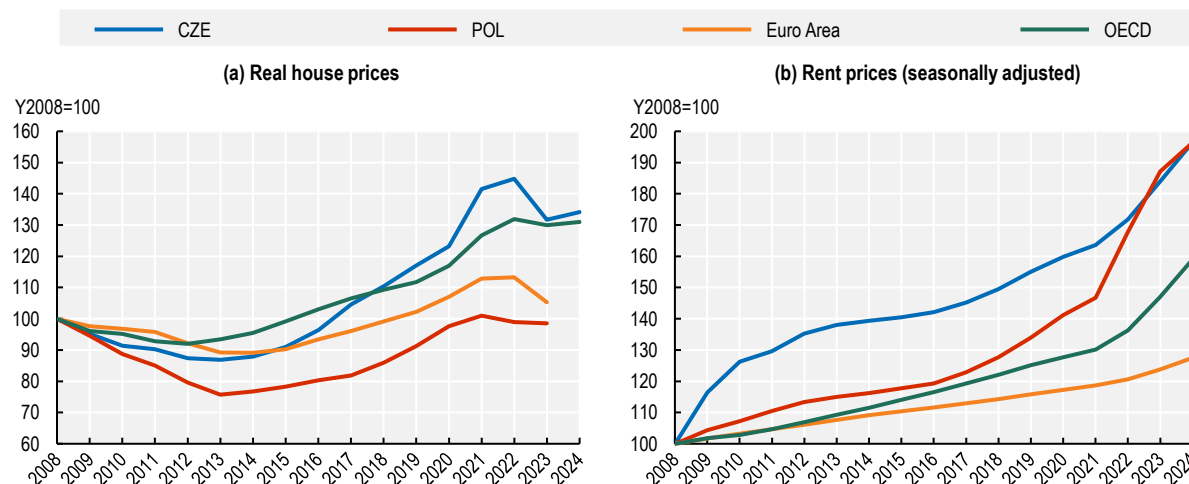
**Real house prices have increased over the past decade (Figure 1).** This is largely driven by growing real household incomes, along with factors specific to Eastern and Central European countries following the transition from the large-scale state ownership of the housing stock that had kept house prices artificially low through state control. Most households are owner-occupiers, especially in Poland, where the share is increasing and above the EU and OECD averages. Nevertheless, home ownership does not necessarily reflect households' incomes nor living standards, as the quality of dwellings can vary drastically. The lack of options for affordable housing of good quality has contributed to a high housing cost burden rate in Czechia and high overcrowding rates, particularly in Poland.

**Poor quality housing particularly affects low-income and vulnerable groups, as the bulk of the lowest quality stock is owned by municipalities and used for social housing.** Further, the share of vacant dwellings reached 16% and 12% of the housing stock in Czechia and

Poland, respectively. The potential for these dwellings to expand the supply of social and affordable housing is however limited. In particular, spatial mismatch and poor quality limit the extent to which the existing vacant stock can be effectively used to address unmet housing demand.

**In both countries, the supply of social housing (i.e., below market-rate rental housing) fails to meet demand.** Municipal and publicly owned dwellings represent a relatively small share of the total housing stock, particularly in Czechia. Waiting lists for social housing are long and the quality of the stock is generally lower than private-market housing. Insufficient and uncertain funding prevents municipalities and other actors from efficiently developing and maintaining the stock. In both countries, the multiplicity of national and local institutions involved in housing policies and social services has inhibited the development of integrated housing policies, contributing to an under-provision of social housing.

Figure 1. Housing prices and rents have drastically increased



Note: The real house price index (panel A) is derived from sales data on both newly built and existing dwellings. Rent prices are measures by the annual average index of the Harmonised Indices of Consumer Prices (HICP) for actual rentals for housing, Source: OECD Economic Outlook (Analytical house prices indicators).

**In Czechia, affordability is a particularly acute issue as incomes have not kept pace with increases in house prices.** While the supply of new housing has in part responded to demand, increasing construction costs and restrictive land-use governance have also contributed to the spike in house prices. There are limited rental options, and the not-for-profit segment of the housing market is under-developed. The development of new affordable housing providers, spatial planning and tools to harness land value uplifts resulting from public infrastructure provision and changes in land-use regulation (known as “land-based finance tools”) could be used as a resource to provide affordable housing, in line with the 2021 Housing Strategy. The housing taxation system could also be reformed to improve equity and affordability.

**In Poland, access to affordable housing is a central policy challenge, notably for low- and middle-income households and people in vulnerable situations.** Just over a third of households fall into a “rental gap”, in that their income is too high to qualify for municipal housing but too low to reasonably afford a mortgage or market rent. In parallel, ongoing efforts to shift from institutional to community-based care, in the broader context of the deinstitutionalisation of support services, have increased demand for long-term housing solutions with access to social and

health care for individuals who need tailored support (e.g., older people, people with disabilities or with a mental health disorder, young people leaving foster care, people experiencing homelessness, and migrants). The arrival of over a million refugees from Ukraine since 2022 has further increased housing demand.

**To address these challenges, Czechia and Poland can consider a series of sequenced country-specific housing reforms.** For Czechia, reform efforts should focus on the implementation of the 2021 Housing Strategy goals through measures to strengthen policies and institutions to increase housing affordability and investment. This would include broadening the scope of providers of affordable and social housing, improving spatial planning and land use, and reforming property taxes. For Poland, policies should centre on boosting the supply of affordable housing, providing tailored housing solutions for individuals requiring social and health support, and facilitating adaptations of dwellings for older people and people with disabilities. Some reforms are already underway in both countries, while others would benefit from improved co-ordination (across ministries, levels of government, and other actors in the housing sector), as well as targeted investment to expand the supply of affordable and supported housing.

## Czechia should strengthen policies and institutions to increase housing affordability and investment

The implementation of the 2021 Housing Strategy provides a key opportunity to address some of the pressing housing challenges faced by Czechia. The emergence of not-for-profit housing providers can support and manage the development of affordable and social housing, as is the case in other OECD countries. Measures aimed at addressing the rigidity of spatial planning, scaling up the use of land-based finance tools, and improving coordination across levels of government and municipalities can also help support the development of affordable housing. A comprehensive reform of the property tax system can further boost investment in affordable housing while addressing inequitable outcomes of the current property tax system.

### ***Refining the framework for affordable housing providers and operational mechanisms for the provision of affordable housing***

**The Czech rental market is relatively developed, with 25% of households living in a rented dwelling in 2024, but affordable rental housing options are limited.** Social rental housing accounted for only 3.6% of the dwelling stock in 2021. Since 2014, Czechia has provided subsidies to develop social rental dwellings (*sociální bydlení*) financed by the European Regional Development Fund (ERDF), targeting households with acute housing needs (e.g. people experiencing homelessness, people in substandard dwellings, etc.) or at risk of developing acute housing needs. More recently, the amendment to the Act on the State Investment Support Fund (*Státní fond podpory investic* – SFPI) introduced a legal definition of affordable rental housing, establishing rules for determining and indexing affordable rent and defining target groups for affordable rental housing developments supported by national financing schemes. Building on these definitions, establishing a universal operational definition of affordable and social housing, with defined eligibility criteria and rent-setting mechanisms, could provide a cornerstone for all support schemes.

**There are currently no specialised providers of affordable and social housing such as not-for-profit or limited-profit providers – which was a key priority of the 2021 Housing Strategy.** Social

and affordable housing is mainly provided by municipalities. Social housing was provided by non-governmental organisations in only 5% of all surveyed municipalities according to the 2021 OECD-Ministry of Regional Development housing survey. Half of these units had been built within the previous few years, indicating that this was a relatively recent approach with upscaling potential.

**While the main historical not-for-profit housing actors in Czechia are housing cooperatives, they do not have a mandate to provide affordable housing (neither for rent or purchase).** Cooperative shares can be sold at market prices. Additionally, not-for-profit organisations and NGOs provide crisis housing, mostly funded from social-service subsidies from the Ministry of Labour and Social Affairs. Access to these housing services is reserved for households at high risk of social exclusion (e.g. high indebtedness) and relies on short-term rent agreements (1-6 months). Introducing a legal status for not-for-profit or limited-profit housing providers, with a clear mandate and defined responsibilities, could boost the development of social and affordable housing. These providers could also rent on the market to provide below-market rental housing to low-income households, following a practice already existing in Poland (see below).



**Social landlords:** In Belgium and France, social landlords (Bailleurs sociaux or Woonmaatschappijen) are not-for-profit firms developing, managing and renting out social and affordable housing to households based on eligibility criteria (e.g. income, household size, socio-economic vulnerabilities). The provision of affordable and social housing is complemented by rental intermediation mechanisms, which allow social landlords and/or NGOs to incentivise owners of privately-owned dwellings to lease their flats to social tenants (details in section 2.1).



**Limited- and not-for-profit housing cooperatives:** In Austria and the Netherlands, the development, management and provision of social and affordable housing is undertaken by housing associations (gemeinnützige bauvereinigungen or woningcorporaties), which have a legal mandate and operate as not-for-profit or limited-profit. These associations can also rent some dwellings at a market rate, but these units are separated and cannot be subsidised by public funds – in line with the EU state aid rules (details in section 2.1).

Recommendation	Short-term actions	Medium- to long-term actions
Introduce a universal legal definition of affordable and social housing building on the existing definitions included in the Integrated Regional Operational Programme (IROP) and the State Investment Fund affordable rental housing scheme	<ul style="list-style-type: none"> <li>Establish a definition of affordable and social housing, linked to eligibility conditions (income ceilings) and rent-setting mechanisms applicable to all support programmes for affordable and social housing.</li> <li>Access to dwellings could be explicitly granted to households based on their income, composition and vulnerabilities.</li> <li>Affordable and social rents could be set through a cost-based calculation, with potential downwards adjustments based on households' financial capacity.</li> <li>Develop targeted financing mechanisms and incentives, building on the existing programmes, for the provision of affordable and social housing.</li> <li>Provide support for affordable and social housing programmes through pilot programmes in selected municipalities and active involvement of national authorities.</li> </ul>	<ul style="list-style-type: none"> <li>Use the same definition of affordable and / or social housing for public support schemes across institutions.</li> <li>Consolidate funding mechanisms for the provision of affordable and social housing.</li> </ul>
Establish a legal framework to define the role and responsibilities of social and affordable housing providers	<ul style="list-style-type: none"> <li>Introduce legislation defining the role and obligations of not-for-profit/limited-profit affordable and social housing providers.</li> <li>The mandate of not-for-profit/limited-profit housing providers could be focused on the development, purchase and maintenance of affordable and social dwellings, following the criteria defined in the affordable and social housing legislation.</li> <li>In addition to the stock owned and managed by not-for-profit housing providers, a rental intermediation mechanism could increase the supply of affordable and social housing by using existing privately-owned housing, providing private tenants with incentives (e.g. rent guarantees, management of tenants, eventual maintenance and repair, etc.).</li> <li>Provide resources for emerging not-for-profit/limited-profit affordable and social housing providers to build capacity.</li> </ul>	<ul style="list-style-type: none"> <li>Not-for-profit/limited-profit affordable social housing providers should benefit from dedicated support schemes to develop their social and affordable housing stock.</li> </ul>

### **Unlocking the development of affordable housing through more efficient spatial planning and land regulation**

**Rigidities in local planning tools limit their use to boost affordable housing supply in high-demand areas.** While municipalities can design their Local Territorial Plans (LTP) and Regulatory Plans (RP), the “one-size-fits-all” nature of the former and the burdensome process to amend the latter limit their usage in terms of housing

development. Streamlining administrative processes and reforming spatial planning documents could help accelerate the development of affordable housing. This could include quicker processes for building permits (e.g. online application and approval procedures) and amendments to LTPs, especially for larger cities



with higher housing demand, and streamlining the RP public consultation process.

**Fragmented responsibilities and a lack of coordination between different levels of government, policy sectors and municipalities undermine the ability of local governments to leverage land use planning for the provision of housing.** Increasing cooperation between the central government and municipalities could, for instance, allow bottom-up amendments of the Regional Development Principles to respond more efficiently to emerging needs. Fostering horizontal sectoral coordination, for instance by coordinating housing and spatial strategies, could also remove a key barrier to affordable and social housing development. Horizontal coordination between land use and other policy fields such as transport and the environment is also needed to reach broader planning goals of sustainable and compact urban development. Finally, boosting inter-municipal coordination could help small municipalities pool resources and build capacity.

**Land-based finance tools – including developer obligations and strategic land management –**

**are rarely used to support housing affordability objectives.** In Czechia, municipalities make some use of developer obligations to cover the public infrastructure costs associated with private developments, but rarely to finance affordable housing development. Further, municipalities could implement strategic land management and other land-based finance tools to boost affordable housing development, for instance through joint ventures with private developers or not-for-profit housing providers.

**The limited human and technical capacity of local governments in terms of spatial planning and land-based finance hinders the efficiency of these instruments.** Securing sufficient expertise and staffing related to land use planning remains a challenge for all public authorities in Czechia, including among Building Authorities (public bodies conducting building proceedings) and in large cities such as Prague. Some municipalities lack digital, technical and conceptual expertise, hindering the implementation of land-based finance tools or the digitalisation of building permit processes.



**Intermunicipal coordination:** In order to promote urban and territorial planning at the scale of the functional area, strengthen the capacities of cities and optimise their budgets by pooling their resources, France has established intermunicipal cooperation bodies (Établissements publics de coopération intercommunale – EPCI). The EPCI's responsibilities in terms of planning and access to central government funding is determined based on population size. The establishment of EPCI is mandatory throughout the territory, as well as the transfer of some responsibilities (spatial planning, economic development, waste management, etc.). In 2025, the 36 000 French municipalities were grouped in 1 254 EPCIs (details in section 2.2).



**Strategic land management:** Strategic land management (known as Active Municipal Land Policy) is a key part of the Dutch housing policy, especially in the largest cities (Amsterdam, Rotterdam, The Hague and Utrecht). The Decision Budget and Accountability for Provinces and Municipalities (Besluit Begroting en Verantwoording Provincies en Gemeenten) and the Competition Law (Mededingingswet) outline how municipalities have to act as market players on the land market. Local governments acquire vacant, abandoned or unproductive land through debt financing, before rezoning and developing infrastructure or housing. The sale or lease of the developed plots allows municipalities to recover the initial cost of the land (details in section 2.2).

Recommendation	Short-term actions	Medium- to long-term actions
Leverage local planning tools to boost affordable housing supply in high-demand areas and promote compact urban development	<ul style="list-style-type: none"> <li>Prioritise high-density residential construction in urban areas with elevated housing prices and promote densification in high-demand locations by setting minimum density requirements for new development in Local Territorial Plans and introducing density bonuses for affordable and social housing developments.</li> <li>Finalise the ongoing digital transformation of building permit applications and approvals.</li> </ul>	<ul style="list-style-type: none"> <li>Introduce differentiated planning requirements for municipalities based on their sizes and administrative capacities.</li> <li>Enable municipalities to make minor adjustments to their local urban planning frameworks even if it deviates from higher-level planning tiers, provided there is consensus among all stakeholders.</li> </ul>

Improve coordination between different levels of government, sectoral policies, and between municipalities to increase affordable housing production	<ul style="list-style-type: none"> <li>Establish a dedicated national dialogue body to discuss, evaluate and coordinate spatial planning policies across the three levels of government and across sectoral policies.</li> </ul>	<ul style="list-style-type: none"> <li>Encourage the transfer of urban planning responsibilities from individual municipalities to Associations of Municipalities (<i>společenství obcí</i>) or to municipalities with extended powers, depending on the local context.</li> </ul>
Make more extensive use of land-based finance tools to support affordable housing development	<ul style="list-style-type: none"> <li>Make explicit in national legislation that developers can be required to build affordable housing in exchange for approval of new development or changes in Local Territorial Plans.</li> <li>Remove the expiry of affordable housing requirements on developers six years after the approval of new development or of changes in Local Territorial Plans or Regulatory Plans.</li> <li>Introduce legislation to be able to buy or expropriate land at the price before the announcement of a public investment or zoning change, to recover the increase in land values that public investments or zoning changes generate.</li> </ul>	<ul style="list-style-type: none"> <li>Affordable housing requirements could be included in Local Territorial Plans possibly after consultation with developers and citizens.</li> <li>Municipalities can set minimum affordable housing requirements on developers based on the increase in land value resulting from development approvals.</li> <li>Assign responsibilities to buy and manage land for affordable housing construction to public authorities responsible for social housing provision.</li> <li>Consider introducing options for households on moderate income to purchase home ownership rights without the underlying land, leaving land ownership and management to a non-profit or public institution.</li> <li>Consider the use of further land-based finance instruments, notably charges for the right to raise floor-area-ratios and other rights to develop beyond established limits ("charges for development rights", often known as "density bonus"); land readjustment; and the infrastructure levy.</li> </ul>
Enhance technical and human capacity of local governments would help implement efficient planning process	<ul style="list-style-type: none"> <li>Provide education and training for urban planning and land-based finance, and housing experts.</li> <li>Mobilise regions, municipalities and associations of municipalities to provide technical assistance related to urban planning and housing to smaller municipalities.</li> </ul>	<ul style="list-style-type: none"> <li>Leverage the pooling of human and financial resources within the Association of municipalities to strengthen local workforce and hiring capacity.</li> <li>Increase technical capacity to assess land value uplifts from development approvals or changes in Local Territorial Plans.</li> </ul>

### ***Securing funding for affordable housing development and limiting dwelling vacancies through housing tax reform***

Unlike almost all other OECD countries, **Czechia levies property taxes based on the size and location of land or buildings (area-based property tax)**. This approach fails to approximate market values, increasing the regressivity of the tax system (Figure 2).

Moving to a value-based taxation system could help limit the regressivity of property taxes. The implementation of value-based property taxes would require precise up-to-date information on the dwelling stock, which is currently only collected through the census every 10 years.

**Property tax revenues are allocated to local governments but are limited.** Indeed, Czechia raised 0.5% of total tax revenue across all levels of

government from property taxes in 2022 (against 1.9% and 2.8% on average in the EU and the OECD, respectively), an equivalent of 0.2% of GDP – the second-lowest share in the OECD. Increasing property taxes could increase municipalities' resources for affordable housing development. The increase should be planned, gradual and include provisions for low-income households to ensure acceptability.

**The number of vacant dwellings has increased over the past decade, including in high-demand areas.** In 2021, 16% of dwellings were vacant in Czechia. The Czech authorities could consider a targeted tax on vacant housing in areas where housing demand is high to incentivise property owners to put them back on the market, potentially

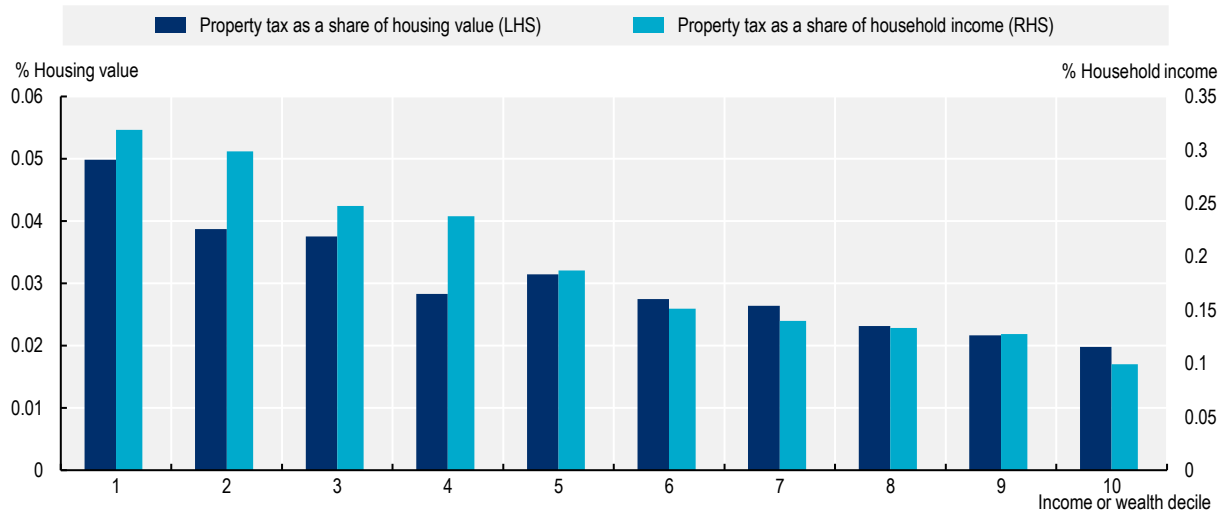


coupled with renovation support if needed. OECD experience has shown that such measures require appropriate enforcement and monitoring mechanisms.

**Capital gain exemptions and mortgage interest deductibility (as imputed rents are not taxed) contribute to reducing affordability by pushing**

**up prices when supply is limited.** Czechia could consider capping capital gain exemptions on primary residences, adjusting the gains taxed for inflation, and removing capital gains exemptions for secondary homes. Continuing to phase out mortgage interest relief for owner-occupied housing could help further limit demand and avoid distorting the market towards home ownership

Figure 2. The property tax system in Czechia yields regressive outcomes



Note: Dark blue bars (left hand axis) show total property taxes paid on all properties owned as a share of the value of the household’s primary residence. It should therefore be noted that this indicator is overestimated for households owning more than one property, which is more likely to be the case for higher income households. Light blue bars (right-hand axis) show property taxes paid by the household as a share of household annual gross income. Income and wealth deciles refer to equal groups of 10% of the survey population based on income earned or value of housing.

Source: EU-SILC 2022, calculations provided by Michal Šoltés, IDEA CERGE-EI.



**Implementing a large-scale property tax reform:** In Ireland, property tax reforms aimed at reassessing property values have been introduced gradually and have included measures to address liquidity concerns of households experiencing an increase in their tax liability. These measures include rebates and deferrals. Sufficient time and resources for ensuring accurate valuation of property values can be key success factors (details in section 2.3).



**Assessing property values:** In the Netherlands, official property values are updated annually by local governments. The central government ensures the valuations are comparable across municipalities. Residential properties are typically assessed using the sales comparison approach, which is implemented through a Computer-Assisted Mass Appraisal (CAMA) system (details in section 2.3).

Recommendation	Short-term actions	Medium- to long-term actions
Transition from an area based to a value-based property tax	<ul style="list-style-type: none"> <li>Consolidate existing data on housing and land prices to have a base to compute properties' value.</li> <li>Introduce mass valuations of residential properties as the cornerstone of the property tax reform.</li> </ul>	<ul style="list-style-type: none"> <li>Extend the mass valuation to other properties and land as the system gets established.</li> <li>Design a new property tax system that would be based on the market value of the residential property and land, and gradually increase these recurrent taxes on land and property over time to increase revenue and discourage over-investment in housing.</li> <li>Once the property tax has been introduced, consider introducing differentiated tax rates or deferrals for low-income or liquidity-constrained households, and lower tax rates for main residences compared to secondary homes or vacant dwellings in order to avoid liquidity issues among homeowners.</li> </ul>
Consider targeted taxes on vacant dwellings in areas with high housing demand while the property tax system is being introduced, along with appropriate enforcement and monitoring mechanisms	<ul style="list-style-type: none"> <li>Introduce an operational definition of vacant dwellings (e.g. dwelling unused for a certain amount of time, etc.).</li> <li>Identify areas with high housing demand and high vacancy rates, where a vacant dwelling tax could be introduced to increase the housing supply.</li> <li>Assign resources and technical support to municipalities for the monitoring and enforcement of vacant dwelling taxes, including data collection from various sources (e.g. water and electricity providers) to identify vacant dwellings.</li> </ul>	<ul style="list-style-type: none"> <li>Consider introducing a vacant housing tax in areas where there is a significant imbalance between supply and demand: the legislation could determine the criterion for introducing the tax (for example, the size of the urban area and the demand for housing relative to the supply, using indicators such as housing prices, waiting lists for social housing, etc.).</li> <li>Provide for an assessment of the effectiveness of the tax in reducing vacant dwellings.</li> </ul>
Reform capital gains taxes on housing and phase out mortgage interest deductibility for primary residences	<ul style="list-style-type: none"> <li>Consider capping capital gain exemptions on primary residences, adjusting the gains that are taxed to account for inflation, and removing capital gains exemptions for secondary homes.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to gradually phase out mortgage interest relief for owner-occupied housing.</li> </ul>

## Poland should consider a comprehensive set of policy reforms to boost housing affordability and enhance tailored housing solutions for vulnerable groups

Expanding the supply of affordable housing is an important policy objective for the Polish government. At the same time, as part of the broader process to deinstitutionalise social services and transition toward community-based care, there is a need to scale up tailored housing solutions with access to integrated health and social services to enable people with higher support needs to live independently in their local communities. Moreover, in a context of rapid population ageing, an increasing number of older people and people with disabilities will require physical adaptations to their dwellings to live comfortably and safely at home.

### **Boosting the supply of affordable housing to expand housing solutions for people with limited or no support needs**

**Poland is currently rethinking its strategic approach to housing.** The National Housing Programme (*Narodowy Program Mieszkaniowy* – NPM) set out strategic housing objectives in 2016; it was repealed in March 2025. A new set of housing measures, *Keys to Housing*, will be incorporated into the Medium-Term Development Strategy to 2035 (*Średniookresowa Strategia*

*Rozwoju Kraju do 2035 roku*). Among the proposed measures is a planned increase in public investment in municipal and social rental housing, along with continued efforts to preserve, renovate and modernise the existing social housing stock over the long term. Looking ahead, it could be especially relevant for the Polish authorities to define strategic policy priorities for affordable

housing as part of a long-term national housing strategy, along with corresponding actions and resources to achieve them. Particular focus areas could include exploring ways to increase investment in affordable housing, along with complementary reforms to increase the supply of affordable housing (e.g., incentivising municipal housing development, stimulating the private rental market, etc.). Such efforts can, in turn, help vulnerable groups – particularly individuals with limited health and social support needs – access suitable housing.

**In addition, there are opportunities to mobilise the private housing stock for social purposes.**

Social rental intermediation schemes involve a variety of measures to help tenants access the private rental market at affordable rent levels, and can complement the formal social housing stock. Measures can include, among others, introducing guaranteed rent or deposit schemes; facilitating property procurement by negotiating leases with

landlords on behalf of social tenants; managing properties on behalf of landlords; and providing training and support for landlord-tenant mediation. These efforts can be facilitated by social rental agencies (*Spoleczne Agencje Najmu* - SAN), which exist to a limited extent in some Polish cities and play an intermediary role between property owners and social tenants. **Such measures are especially relevant in Poland, where the tenancy system is complex, and eviction proceedings last several years on average.** As a result, property owners are often hesitant to lease dwellings to low-income households and other people in vulnerable situations, due to perceived risks relating to non-payment and/or property damage, as well as stigma. Further, the potential to renovate and repurpose vacant residential and, where feasible, non-residential units could be evaluated as a means to expand the availability of suitable housing solutions. Social rental agencies could play a role in this process.



**Rental guarantees:** In France, Action Logement offers a rental guarantee (Garantie Visale) to low-income workers over 30 and young people, independent of their employment status, to cover the risk of unpaid rent for the duration of the lease. Prospective tenants apply online prior to signing the lease and, once approved, provide a Visale certificate to landlords. In the case of non-payment of rent or damages to the property, Action Logement reimburses the owner for the amount due by the tenant. Action Logement then requires the tenant to reimburse the sum of unpaid rent or damages, according to a schedule according to the tenant's financial means. Visale is financed by Action Logement, which receives 0.45% of the income of non-agricultural private-sector workers to support housing affordability (details in section 3.1).



**Incentives for private owners to put vacant dwellings back on the market:** In Greece, owners of vacant dwellings are eligible to benefit from two support schemes to renovate and put dwellings back on the market. The "Renovate-Rent" programme provides financial support to renovate privately-owned houses, under the condition that they are subsequently rented out. The subsidies cover 60% of renovation costs, up to a maximum of EUR 8 000, for expenses up to EUR 13 300. Additionally, the government has introduced a three-year income tax exemption on rental income for property owners who, between September 8, 2024, and December 31, 2025, convert a long-vacant property (unoccupied for at least three years) into a long-term rental (details in section 3.1).

Recommendation	Short-term actions	Medium- to long-term actions
Define strategic policy priorities for affordable housing, along with corresponding actions and resources	<p>Capitalise on the renewed policy emphasis on affordable housing to expand the Medium-Term Development Strategy to 2035 and/or develop other strategic documents to ensure that the affordable housing agenda comprehensively covers the following elements:</p> <ul style="list-style-type: none"> <li>• setting clear policy objectives to increase the supply of affordable housing;</li> <li>• identifying adequate financial resources to support public authorities and other relevant actors in meeting these objectives;</li> <li>• facilitating consultations on affordable housing with a broad range of actors (e.g. ministries, public agencies, municipalities, TBS/SIM, housing cooperatives, other housing developers).</li> </ul>	<p>Introduce policy reforms to support the development of affordable housing, which could include:</p> <ul style="list-style-type: none"> <li>• strategies to increase long-term investment in affordable housing (e.g., establishment of a dedicated housing fund; reforms to housing taxation to transition toward a value-based system);</li> <li>• complementary policies that can support affordable housing objectives (e.g., incentives to increase the supply of municipal housing; measures to stimulate the expansion and standardisation of the private rental market; reforms to demand-side housing support).</li> </ul>

Mobilise the existing stock for affordable housing, including by scaling up social rental intermediation schemes and exploring the potential to activate vacant buildings	<ul style="list-style-type: none"> <li>Scale up social rental intermediation schemes, including by introducing financial and technical support to help municipalities develop and maintain social rental agencies (SANs) and incentivise collaboration with private homeowners and legal entities. This could be accomplished through a dedicated legislative proposal for a programme supporting SANs which may include dedicated, long-term funding to facilitate the start-up of SANs.</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate the expansion of SANs by supporting the establishment of a Community of Practice to serve as a platform for peer learning, knowledge exchange, and capacity building for actors engaged in social rental intermediation schemes.</li> <li>Consider the introduction of a state-backed rental guarantee system to support vulnerable tenants in the private rental market and incentivise landlords to lease dwellings to social tenants at affordable rates.</li> </ul>
	<ul style="list-style-type: none"> <li>Assess the extent of underutilised and/or vacant buildings, as well as the drivers of high vacancy rates.</li> </ul>	<ul style="list-style-type: none"> <li>Based on the assessment results, consider the feasibility, costs and benefits of activating vacant buildings, as well as the most effective tools to achieve this (e.g., tax incentives and/or tax levies). Provide technical support to municipalities to assist them in applying for and carrying out renovations.</li> </ul>

### ***Providing tailored housing solutions with integrated social and health services for people with higher support needs***

**Fragmented governance is a central barrier to the provision of integrated housing solutions with tailored social support.** Indeed, as in many countries, housing and social services are treated as distinct policy areas in Poland, in terms of both governance and funding schemes, making it harder to implement integrated solutions. There is limited coordination across ministries and government agencies for the provision of housing and social support for vulnerable groups. The Ministry of Economic Development and Technology oversees the development of housing infrastructure; the Ministry of Family, Labour and Social Policy oversees the provision of social services and supported and training housing, but lacks competencies relating to affordable housing. The Ministry of Development Funds and Regional Policy plays a key role in the management of EU funds, which is an important funding source for affordable and supported housing schemes.

**Reducing the fragmentation between housing and social services could enable service providers to meet housing and social needs in a more efficient, coordinated way and help individuals access the integrated support they need (Figure 3).** To this end, the Polish authorities could consider creating an inter-ministerial body with a dedicated staff, budget, and operational mandate to oversee integrated housing policies and social supports for vulnerable groups.

**Supported and training housing, which couples housing with extensive social services, are**

**essential to the ongoing deinstitutionalisation process in Poland, but the current stock does not meet demand.** While temporary shelter and accommodation (e.g., reception centres, night shelters, warming houses) are available in some cases, more needs to be done to strengthen the provision of tailored, long-term housing solutions with integrated social and health supports. Supported housing allows people with diverse needs to live independently while receiving appropriate care, while training housing provides individuals with housing and limited services to support their transition from institutional to independent living. Increased funding for such models could help meet demand, which has persistently exceeded supply. In particular, Housing First, which is a specific form of supported and training housing for people experiencing homelessness, remains at the grassroots level in Poland, currently only available in a limited number of communities, while its importance is recognised in the National Programme for Combating Poverty and Social Exclusion. Housing First solutions have proven their efficacy in a broad range of contexts and could be scaled up to other municipalities.

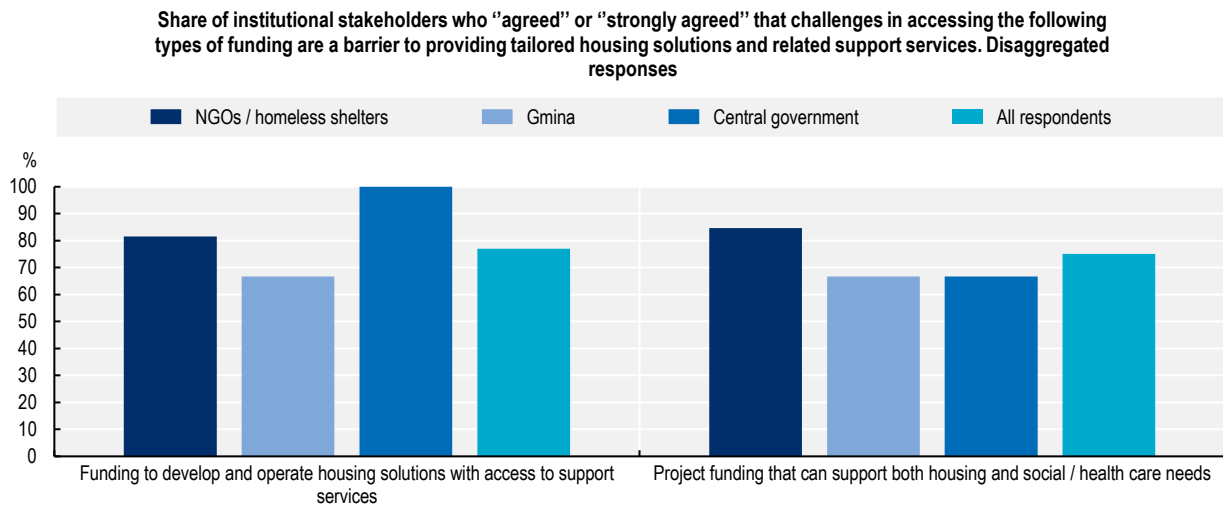
**Targeted measures could be introduced to prevent homelessness and housing instability among vulnerable households.** Vulnerable groups face a heightened risk of housing instability and homelessness. Support for households facing economic challenges and at risk of losing their homes – including support to manage debt and



prevent evictions – could be scaled up. The Polish authorities could also enhance housing support for migrants by building on the one-stop-shop model of the recently established Centres for Migrant Integration (CICs). People leaving the care system, notably youth transitioning out of foster care, often

struggle to make the transition to suitable, independent housing. Finally, there is scope to improve individuals' access to information including by introducing housing advisory services in Centres for Social Services and/or Social Assistance Centres.

**Figure 3. Accessing funding is perceived as the biggest barrier to providing tailored housing solutions and related support services for vulnerable groups**



Note: 1) Participants responded to the prompts using a Likert scale: *Strongly agree*, *Agree*, *Neither agree nor disagree*, *Disagree* or *Strongly Disagree*. 2) Participants were responding to the following prompts: “Challenges to access long-term funding solutions to develop and operate integrated housing solutions with access to health and social services” (100 responses), “Difficulties to assemble adequate project funding that can support both housing and social/health care needs” (98 responses). *Gmina* corresponds to municipalities in Poland.

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Poland.



**Interministerial delegation on homelessness:** In France, an Inter-ministerial Delegation for Access to Housing (Délégation Interministérielle à l'Hébergement et l'Accès au Logement – DIHAL), created in 2010, leads national policies relating to housing and support services for vulnerable groups, including people experiencing homelessness, and allocates funding to regional services. The DIHAL is made up of civil servants from diverse backgrounds, including experts in housing, social policy, and health (details in section 3.2).



**Coordinated access:** The Coordinated Access System is an integrated approach adopted by Canada's Reaching Home Strategy, through which people experiencing or at risk of homelessness are directed to community-level access points where trained workers use common assessment tools to evaluate their needs and refer them to relevant support services. The approach relies on centralised information management systems to ensure that information is shared among all relevant actors providing housing and social service support (details in section 3.2).

Recommendation	Short-term actions	Medium- to long-term actions
Improve coordination between housing and social services, including by creating an inter-ministerial body to oversee and operationalise housing and support services	<ul style="list-style-type: none"> <li>• Introduce a dedicated inter-ministerial body (<i>organ międzyresortowy</i>) to facilitate and oversee the provision of integrated housing and social services for vulnerable groups.</li> <li>• Where relevant, identify opportunities to improve coordination in funding schedules and application processes for housing and social programmes.</li> <li>• Further co-ordinate eligibility requirements and funding schedules for EU funds and provide guidance to local actors.</li> <li>• Enhance housing support for migrants by building on the one-stop-shop model of the recently established Centres for Migrant Integration (CICs).</li> <li>• Improve individuals' access to information about integrated housing solutions and social services (e.g., by introducing housing advisors within Centres of Social Service and/or Municipal Welfare Centres, and/or by creating a housing support gateway on Centres' websites).</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure the availability of sustainable, long-term, flexible funding to deliver integrated housing solutions with tailored support at scale. This could involve expanding current funding sources to ensure that financing solutions are accessible to a broad range of stakeholders.</li> <li>• Collaborate with international financial institutions in Europe (e.g., European Investment Bank, the Council of Europe Development Bank) to explore partnerships to enhance funding opportunities for local projects and strengthen the overall governance of financing for integrated housing solutions.</li> </ul>
Increase the supply of supported and training housing, including Housing First solutions	<ul style="list-style-type: none"> <li>• Review existing legislation on supported and training housing to ensure greater adaptability to individual needs, and improve the access of municipalities and NGOs to long-term funding to strengthen their incentives to provide and maintain supported and training housing.</li> <li>• Building on the National Programme for Combating Poverty and Social Exclusion, develop a national framework for Housing First to facilitate the transition from temporary and emergency shelter toward long-term housing solutions for people experiencing homelessness.</li> <li>• Assess the effectiveness of co-living housing programmes, including assisted living communities (<i>Wspomagane Społeczności Mieszkaniowe</i>).</li> </ul>	<ul style="list-style-type: none"> <li>• Consider expanding the legislative framework of supported and training housing to facilitate the development of a broader spectrum of housing solutions accompanied by tailored support services, as well as increased flexibility and interoperability for individuals to transition between various housing options.</li> <li>• Enhance financial support mechanisms for construction to encourage a broader range of housing actors (such as TBS/SIM, housing cooperatives, and social rental agencies) to contribute to the expansion of the supported and training housing stock.</li> <li>• Following the results of the assessment of co-living housing programmes, explore the potential to scale up co-living programmes and other flexible housing solutions.</li> </ul>
Introduce and scale up targeted support measures to prevent homelessness and housing instability among vulnerable households	<ul style="list-style-type: none"> <li>• Identify opportunities to provide integrated housing and social services to people preparing to exit institutional or care settings, to support the development of a case-management approach.</li> <li>• Sensitise staff in relevant institutions (e.g., prisons, hospitals, or children's homes, as well as those supporting individuals after they leave institutions, such as job centres) to the specific needs of different client profiles to ensure appropriate and effective assistance.</li> <li>• Introduce a pilot programme in selected municipalities that aims to prevent evictions and housing instability (which could include, e.g., the introduction of housing counsellors, support for debt management, and/or landlord-tenant mediation programmes, etc.) and evaluate and monitor programme outcomes to identify the most effective practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Based on the outcomes of the pilot programme for eviction prevention, scale up the programme to additional municipalities.</li> </ul>

## Facilitating physical adaptations to housing for older residents and people with disabilities

**As in most OECD countries, the number of people with disabilities is expected to increase in Poland, as the population ages and chronic diseases affect a larger share of the population.**

The old-age dependency ratio (i.e., the share of the population aged 65 or older as a percentage of working-age population (20-64)) is expected to more than double to 70% by 2060 – well above the OECD average and EU-28 average for the same period.

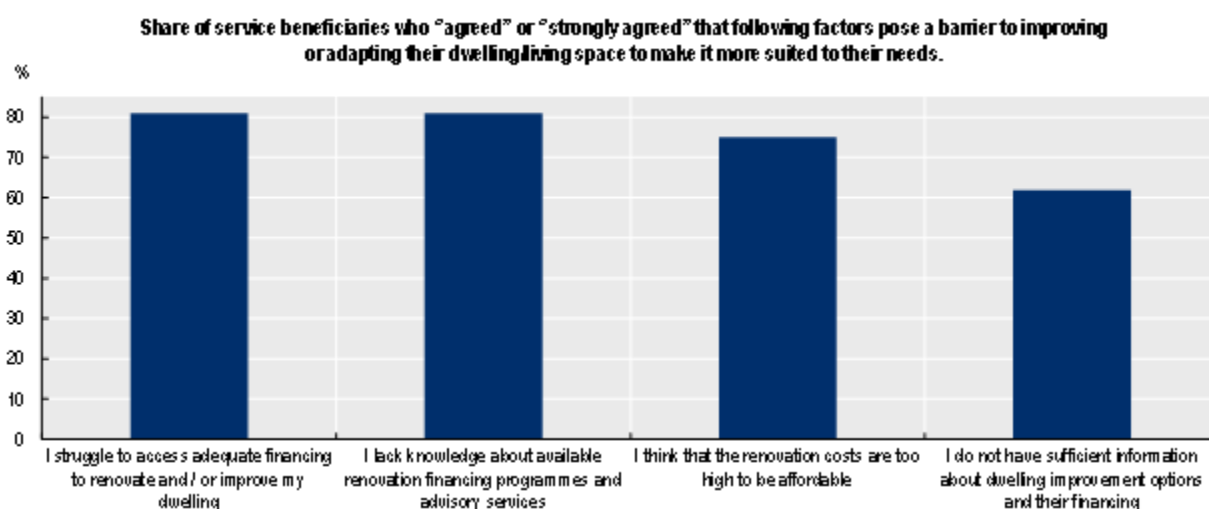
**Poland has made significant progress in improving the accessibility of public spaces through the Accessibility Plus (*Dostępność Plus*) programme.** In addition, the Ministry of Infrastructure and Construction published accessibility standards for people with disabilities, based on the concept of universal design, to provide guidance to developers in designing accessible housing.

**However, there is considerable scope to improve the accessibility and adaptability of private dwellings.** Buildings with fewer than five storeys are not obligated to have lifts, and the requirement to install lifts in buildings with five or more storeys applies only to new construction. As

a result, a large share of multi-family buildings remains without lifts with no obligation to retrofit them (although there are plans to introduce such obligation, as well as funding to support it). Introducing a legal definition of accessible and adaptable housing could provide a common basis to assess the extent to which a housing unit enables a person with disabilities to enter, move around and exit the dwelling (*accessible dwelling*), or can easily accommodate future renovations to improve accessibility (*adaptable dwelling*).

**Public support schemes are available for housing adaptations.** However, many people are not aware of these schemes. Moreover, the eligibility criteria do not allow for preventive adaptations to avoid accidents and preserve individuals' autonomy (Figure 4). For instance, funding to remove architectural barriers in homes, and/or to purchase rehabilitation equipment are only available to people with valid disability certificates. Poland could consider expanding subsidy programmes to include preventive support to facilitate home adaptations for older people without disability certificates. Information on existing schemes could be also improved.

**Figure 4. Service beneficiaries struggle to access financing to undertake renovations or improvements and are largely unaware of available support schemes**



Note: 1) Participants responded to the prompts using a Likert scale: *Strongly agree, Agree, Neither agree nor disagree, Disagree or Strongly Disagree*. 2) Participants were responding to the following prompts: “I struggle to access adequate financing (e.g. bank loans) to renovate and/or improve my dwelling to make it more adapted to my needs,” “I lack knowledge about available renovation programmes and advisory services that I could potentially access,” “I think that the renovation costs are too high to be affordable,” “I do not have sufficient information about dwelling improvement options and their financing (loans, subsidies, grants, etc.).” The number of respondents varied from 20 to 21 for each item.

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Poland.



### **Housing adaptations for an ageing population:**

In Germany, the federal government offers two housing adaptation programmes to facilitate ageing in place: non-repayable grants to households to support barrier-reducing modifications (e.g., installing walk-in showers, grab bars and lifts; widening doorways), along with low-interest loans to housing companies, cooperatives, and private landlords to undertake similar renovation projects. The government also provides practical guidance on the types of available modifications, how to assess adaptation needs, and the key implementation steps (details in section 3.3).



### **One-stop shop for information on technical housing adaptations for older people:**

In Ireland, Age Friendly Technical Advisors act as a one-stop shop for information related to technical housing adaptations for older people. Each local authority has a specialised technical housing advisor to advise the local authority, private sector organisations and the public. The Age Friendly Technical advisors meet regularly to share best practices and receive technical training on key issues related to housing for older people (details in section 3.3).

Recommendation	Short-term actions	Medium- to long-term actions
Introduce a legal definition of accessible and adaptable dwellings	<ul style="list-style-type: none"> <li>Introduce a legal definition of accessible and adaptable dwellings, including different degrees of accessibility and adaptability, which can help people with disabilities identify suitable housing.</li> </ul>	<ul style="list-style-type: none"> <li>Assess the potential impacts and feasibility of setting a minimum share of accessible and/or adaptable dwellings in new housing construction.</li> </ul>
Introduce preventive measures to help older people live independently, including support for home adaptations, and enhance awareness of existing support	<ul style="list-style-type: none"> <li>Expand housing adaptation subsidy programmes to cover preventive home adaptations to facilitate ageing-in-place. This includes PFRON's adaptation subsidy programme for people with disabilities and the Accessibility Plus programme.</li> </ul>	<ul style="list-style-type: none"> <li>Develop public awareness campaigns on available housing adaptation support schemes, working with municipalities where relevant; these efforts could highlight the importance of housing adaptations and the risks associated with falls in old age, with collaboration with relevant partner institutions (e.g., municipalities, hospitals, health clinics, community centres, organisations supporting older people, churches).</li> </ul>
Streamline funding and approval processes to adapt dwellings and providing tailored support and guidance for individuals with specific housing needs	<ul style="list-style-type: none"> <li>Streamline application processes for different funding sources into a single programme for housing adaptations.</li> <li>Provide guidance to address the specific challenges and needs associated with adaptations of diverse housing arrangements (e.g., rental housing, multi-family buildings and historical buildings).</li> </ul>	<ul style="list-style-type: none"> <li>Provide technical advice to help people with disabilities and older people obtain funding approvals, improve the quality and efficiency of housing modifications, and enhance coordination between beneficiaries and local authorities.</li> </ul>



# **1**

## **Housing market trends and policies in Czechia and Poland**

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Czechia and Poland have experienced strong economic growth and significant improvements in living standards since the 1990s. Higher incomes and lower unemployment have put upward pressure on the demand for housing. This chapter provides insights on factors driving housing market trends in Czechia and Poland, such as demographic change, increasing incomes, and supply-side constraints. Additionally, the chapter details the state of play of housing-related policies in both countries.

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Historical contexts in Czechia and Poland present similarities which continue to impact their current housing stock and policies. After the fall of the communist regimes, both countries rapidly privatised and opened a number of markets to competition, including the housing and construction sectors. Their mortgage markets gained momentum at the turn of the century, boosting investment in housing, until the 2008 global financial crisis, after which national markets experienced a significant downturn and economic stagnation. More recently, the COVID-19 pandemic and Russia's war of aggression against Ukraine together contributed to an energy and cost-of-living crisis which has increased the pressure on their housing markets. These challenges have reinforced the need to strengthen investment in sustainable and affordable housing, while further developing housing solutions for vulnerable groups, which takes place in a broader process of the deinstitutionalisation of social services.

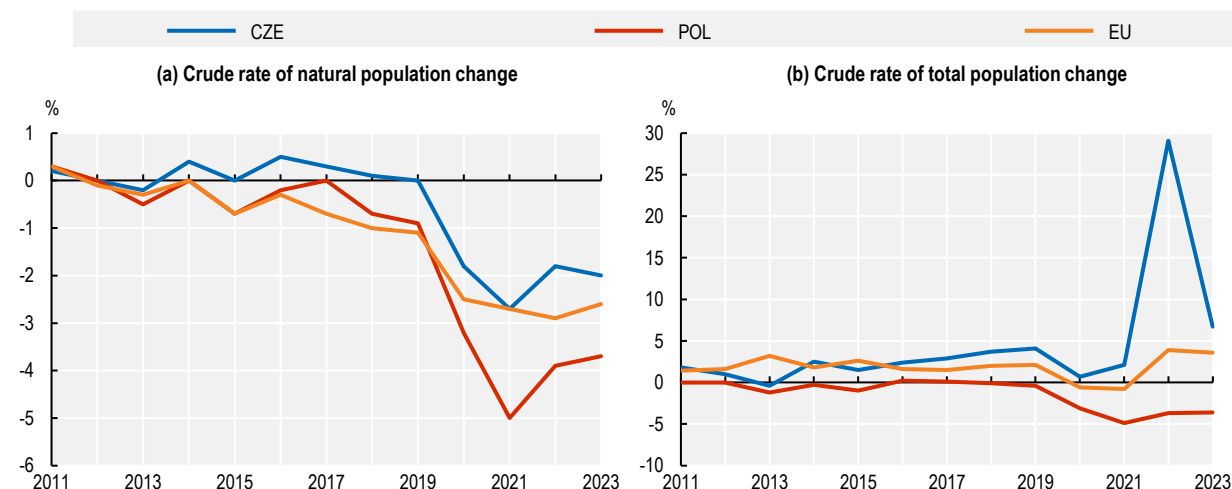
## 1.1. Comparative overview of housing markets and key housing challenges

Natural populations have been declining over the past decade in both countries. This decline has been partly offset by migration and demographic changes like the increasing number of one-person households. Together with rising incomes and low unemployment, these trends have put pressure on housing demand, which was further fuelled by the arrival of Ukrainian refugees, a lot of whom settled in bigger Polish cities and in areas with a large Ukrainian diaspora and/or the potential for housing and employment. The quality of the existing housing stock has remained lower than in other EU countries despite efforts to finance renovations and improvements and housing supply has been limited, which has further fuelled the demand for new dwellings. This section highlights key housing markets trends in Czechia and Poland, showing some similarities as well as differences that requires specific policy directions outlined in Chapter 2 (Czechia) and Chapter 3 (Poland).

### ***1.1.1. Despite demographic decline, rising incomes and low unemployment are putting pressure on the demand for housing***

Both countries have seen their natural populations decline over the past decade (Figure 1.1, Panel A). The population of Czechia and Poland, similar to other Central and Eastern European countries, is ageing at a faster pace than that of their western European counterparts, which is in part due to lower fertility rates (OECD, 2023<sup>[1]</sup>) and the emigration of young workers, especially in Poland (IMF, 2019<sup>[2]</sup>). This negative natural population growth has been at least partially offset by migration inflows (Figure 1.1, Panel B). As a result, the total rate of crude population change has remained mostly positive since 2011 in Czechia. In Poland however, the rate of crude population change remained close to zero until 2019, and has even been decreasing since 2019, as Poland became one of the top departure countries within the EU (Koikkalainen, 2021<sup>[3]</sup>). The arrivals of Ukrainian refugees in 2022 led to a demographic spike in both countries in relative terms, putting renewed pressure on local housing markets, especially in bigger Polish cities.

**Figure 1.1. Both countries have seen their natural population decline, which has been partly offset by migration inflows**



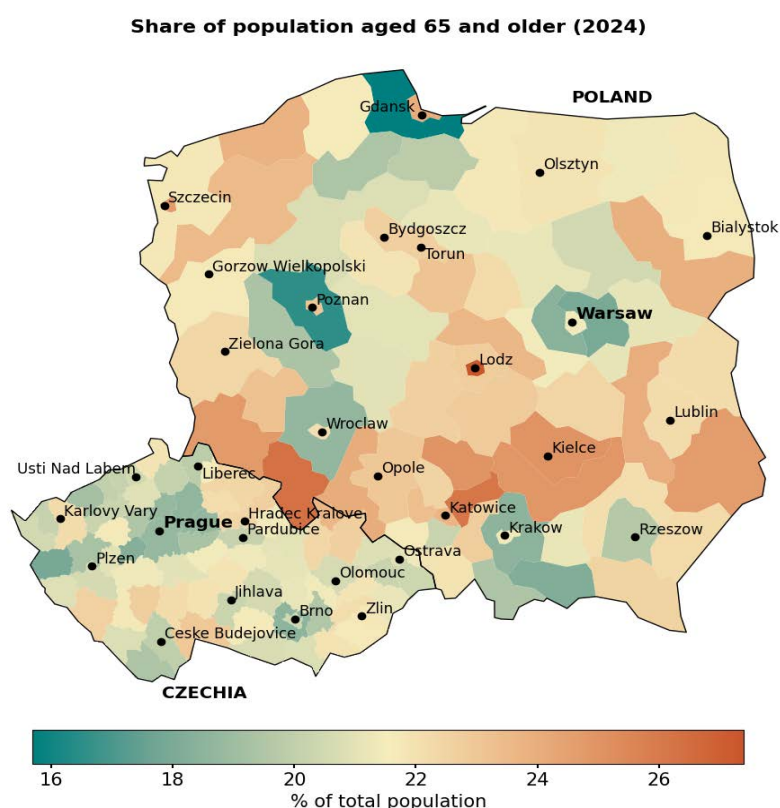
Note: The crude rate of natural population change is computed as the difference between the number of deaths and the number of births in a given year, while the total population change takes migration into account.

Sources : Eurostat Population and population change statistics, EU-SILC (Eurostat).

Both countries have also seen their population age at a fast pace. Elderly people tend to be concentrated in cities in Poland, while they are primarily located in districts afar from major cities in Czechia (Figure 1.2). These differences have implications in terms of housing solutions for elderly people. While the development and renovation of dwellings to meet their needs in cities can rely on access to existing social and health services (e.g. care centres, hospitals, etc.), more significant and multi-dimensional investments in care services may be necessary in remote rural areas (EPRS, 2020<sup>[4]</sup>).

A significant increase in household income and a steady decline in unemployment have put pressures on the demand for housing in both countries since 2008. In Czechia individual incomes have increased faster than the EU and OECD averages since 2008 (Figure 1.3, Panel A), while unemployment has reached lower levels (Figure 1.3, Panel B). There are however important spatial inequalities in terms of living standards in both countries, as individuals with higher levels of education and income tend to concentrate in the more dynamic and growing urban centres, while less privileged households are more concentrated in rural regions with shrinking labour markets and low economic activity (Hegedüs, Horváth and Somogyi, 2017<sup>[5]</sup>).

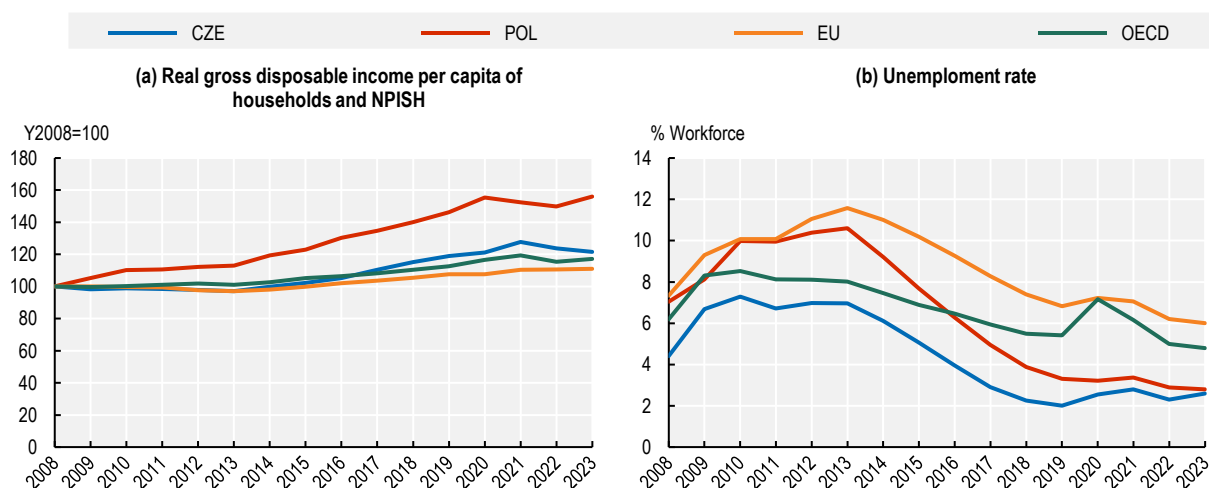
Figure 1.2. There are more elderly people in some Polish cities and outside major cities in Czechia



Note: The data is displayed at the Eurostat NUTS3 regional level for Poland and at the district (*Okres*) level in Czechia, along with the name of the administrative capital cities.

Source: EU-SILC (Eurostat).

Figure 1.3. Households' disposable incomes and employment increased over time



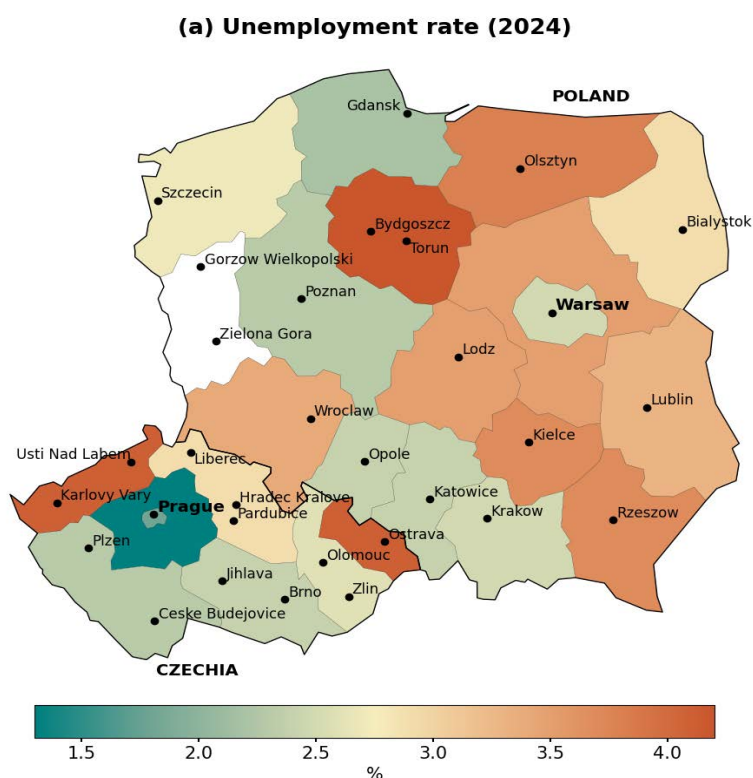
Note: The real gross disposable income of households per capita is calculated as the unadjusted gross disposable income of households and Non-Profit Institutions Serving Households (NPISH) divided by the price deflator (price index) of household final consumption expenditure and by the total resident population. The indicator is indexed with base year 2008.

Source: OECD National Accounts Statistics, Eurostat European sector accounts, OECD Employment Outlook.

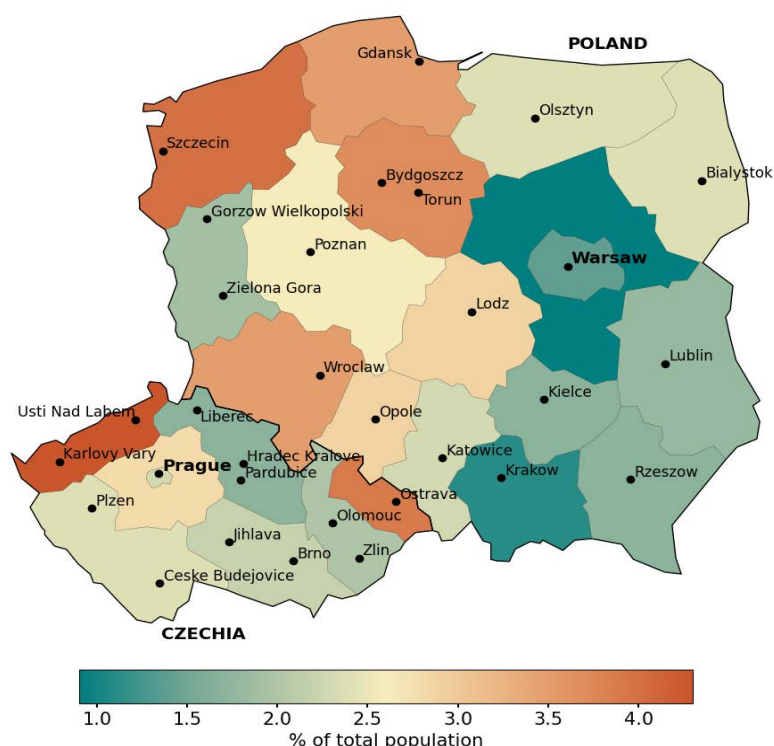
In Poland, unemployment has indeed remained higher in the Lubelskie and Podkarpackie regions in the south-east, which border Ukraine, as well as in the northern part of the country (Figure 1.4, Panel A). In Czechia, the north-western (Severozápad) and eastern (Moravian-Silesian) regions also have higher rates than the rest of the country. Severe material and social deprivation is on average lower in both countries relative to the EU, at 2.1% in Czechia and 2.8% in Poland, against 6.7% for the EU in 2022 (Eurostat, Oct. 2023<sup>[6]</sup>). Living conditions are however also not homogeneous throughout the territory (Figure 1.4, Panel B). Households in Western Pomeranian and Pomeranian regions in Poland are more likely to face severe material and social deprivation than in the capital region of Warsaw, along with Kuyavian–Pomerania Lower Silesia residents.

In Czechia, the north-western (Severozápad) region has a larger share of households in a state of severe material and social deprivation. More disaggregated data shows that households in need of housing<sup>1</sup> appears to be mostly located in the largest Czech cities (Prague, Brno and Ostrava) in absolute numbers, but the highest shares relative to the resident population are found in Ostrava, Chomutov and Přebíř (Czech Ministry of Regional Development, 2021<sup>[7]</sup>) These disparities can have non-negligible implications on the countries' housing policies, given the spatial concentration of vulnerable households facing difficulties to afford private-market housing.

**Figure 1.4. Living standards are heterogeneous across regions**



<sup>1</sup> A person is considered in need of housing if they are homeless, living in a temporary shelter or hotel, in an institutional setup (e.g. psychiatric hospital, prison), who did not have housing before entering the institution or lost it during their stay, or if their current living arrangement is overcrowded, insecure or does not meet the criteria for standard housing (e.g. no access to running water, to electricity; to a usable bathroom and / or toilet).

**(b) Severe material and social deprivation rate (2024)**

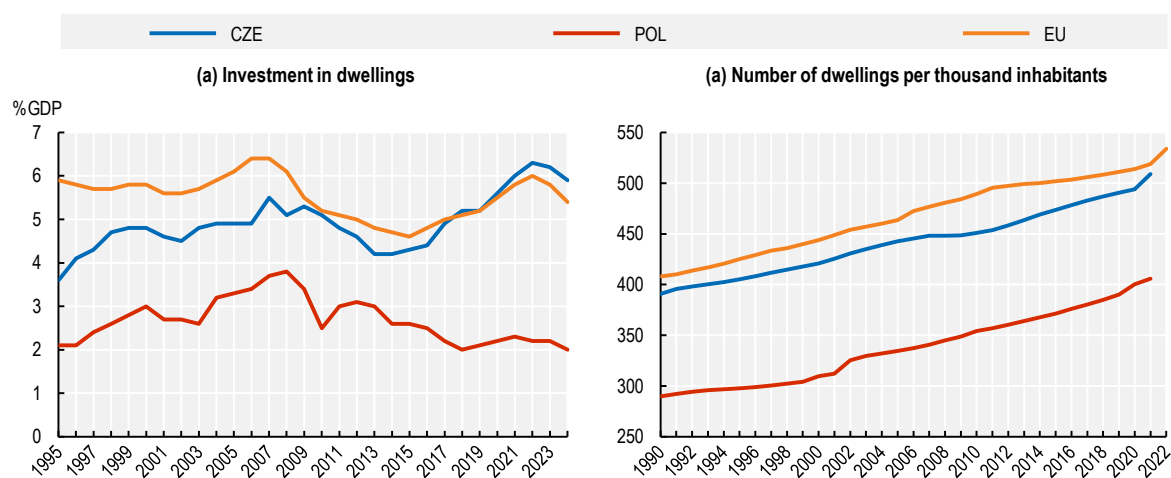
Note: The data is displayed at the Eurostat NUTS2 regional level along with the name of the administrative capital cities. The unemployment rate is computed for the working-age population (15 to 74 years old). Data on unemployment are not available for the Lubuskie region in Poland. The severe material and social deprivation rate is computed as the share of the population experiencing 7 deprivation items out of the 13 defined by Eurostat, including for instance facing payment arrears, the inability to keep the dwelling warm, etc. For more information, see: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Severe\\_material\\_and\\_social\\_deprivation\\_rate\\_\(SMSD\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Severe_material_and_social_deprivation_rate_(SMSD)).

Source: EU-SILC (Eurostat).

### **1.1.2. Housing investment has remained low, generating only a small increase of the stock since the global financial crisis**

On the supply side, investment in housing as a share of GDP declined sharply after the 2008 global financial crisis, recovering only after 2013 (Figure 1.5, Panel A). Investment in housing has historically remained low compared to the EU average, particularly in Poland, which has been linked to the privatisation of the housing and construction markets, and to the retrenchment of public funds since the 1990s. As both countries then entered a recession period, they did not attract the necessary private funds to finance new construction nor the maintenance of the building stock. Following the decrease in interest rates from the early 2000s to 2008, the demand for housing investment increased but was mitigated by rising house prices. These investments, albeit relatively low, have allowed a small but steady increase of the housing stock in both countries relative to their populations (Figure 1.5, Panel B). The total number of units per inhabitants in Czechia has stayed close to the EU average since 1990, while it has remained roughly 20% below the EU average in Poland. More recently, construction costs have significantly increased due to the COVID-19 and energy crises, which has further constrained the development of new housing units: construction producer prices increased by 30% in Poland between Q1 2020 and Q2 2023 and by 27% in Czechia, above the EU average of 26% (Housing Europe Observatory, 2023<sup>[8]</sup>).

Figure 1.5. The number of dwellings increased despite low and stagnating investment in housing



Sources: Eurostat National Accounts, European Central Bank RESH Structural Housing Indicators.

Lagging investment has been an especially salient issue since both countries have historically had high occupancy rates: in the 2011 Eurostat census, unoccupied dwellings, defined as vacant or secondary residences, accounted for merely 2.5% of all conventional dwellings in Poland, while the share reached 13.7% in Czechia – both below the EU average of 15.8%. These shares have recently increased to 11.7% in Poland and 16.1% in Czechia according to the 2021 census.

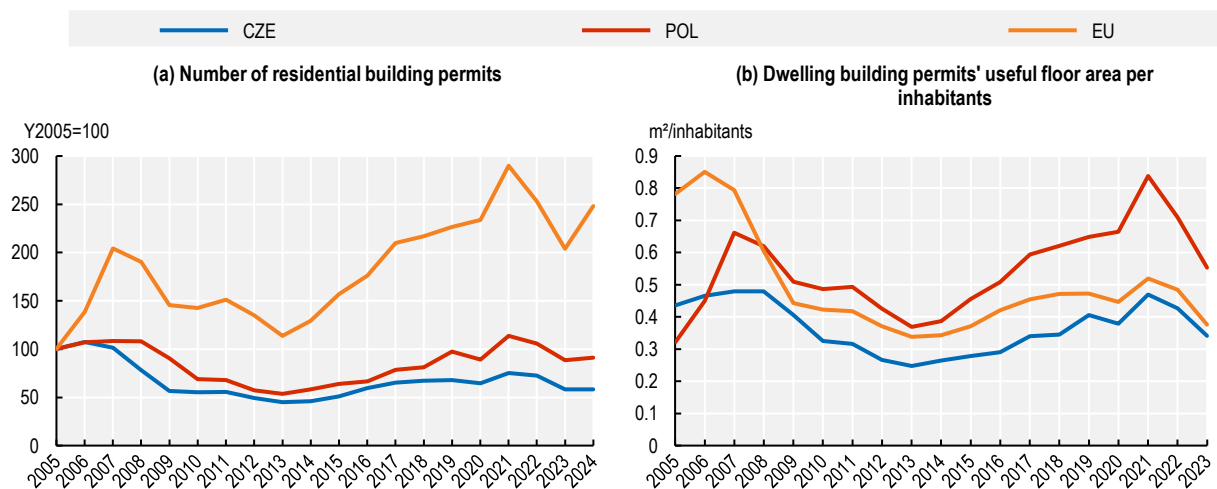
However, these estimates are partly biased due to the COVID-19 context, as data was collected in Q2-Q3 2021 and some dwellings in large cities were vacant due to employees and students having to work and study remotely. Almost a third of these vacant dwellings were identified as frictional vacancies in Czechia, bringing the share of *available* vacant dwellings to 10% of the dwelling stock, and mostly located in areas where demand for housing was found to be low (Czech Ministry of Regional Development, 2021<sup>[9]</sup>). Additionally, the vacancy share had already decreased in 2022 in Poland, since part of these dwellings were used to house refugees from Ukraine (International Rescue Committee, 2023<sup>[10]</sup>). These vacancy rates seem therefore to indicate that the potential to increase the number of housing units on the market through the existing stock is limited. Vacant dwellings are unlikely to meet all the demand, since existing housing supply and demand tend to be spatially mismatched (European Commission, 2020<sup>[11]</sup>).

The number of building permits granted in both Czechia and Poland also dropped following the global financial crisis, recovering only after 2013 (Figure 1.6, Panel A). Both countries are however catching up at different pace. In Poland, the number of building permits has increased in absolute terms and in terms of square metres per inhabitants compared to 2005, while the Czech market has only returned to its pre-crisis levels (Figure 1.6, Panel B). Poland has been delivering relatively more permits than the EU average since 2008, although the trend has started to decrease since 2021 – similar to Czechia and the EU as a whole.

The number of buildings permits allocated might not provide a complete picture of the production of new dwellings, since obtaining a permit does not compel landowners nor developers to proceed with building. Moreover, since January 2022, landowners in Poland can build individual houses up to 70 square metres for their own use without a permit, hence the volume of building permits granted may not capture all new construction activities in Poland. The number of completed dwellings in Poland has, however, decreased from 238 490 units to 221 259 between 2022 and 2023 (Statistics Poland, March 2025<sup>[12]</sup>), representing a 7.2% decrease, which is in line with the trend displayed in Figure 1.6 (Panel A).



Figure 1.6. New construction has taken up again after 2013



Note: The number of residential building permits (panel A) is computed based on the number of permits delivered for residential buildings, excluding residences for communities.

Source: Eurostat short-term business statistics.

### 1.1.3. Most households own their dwellings and rental markets are underdeveloped, restricting housing options and mobility

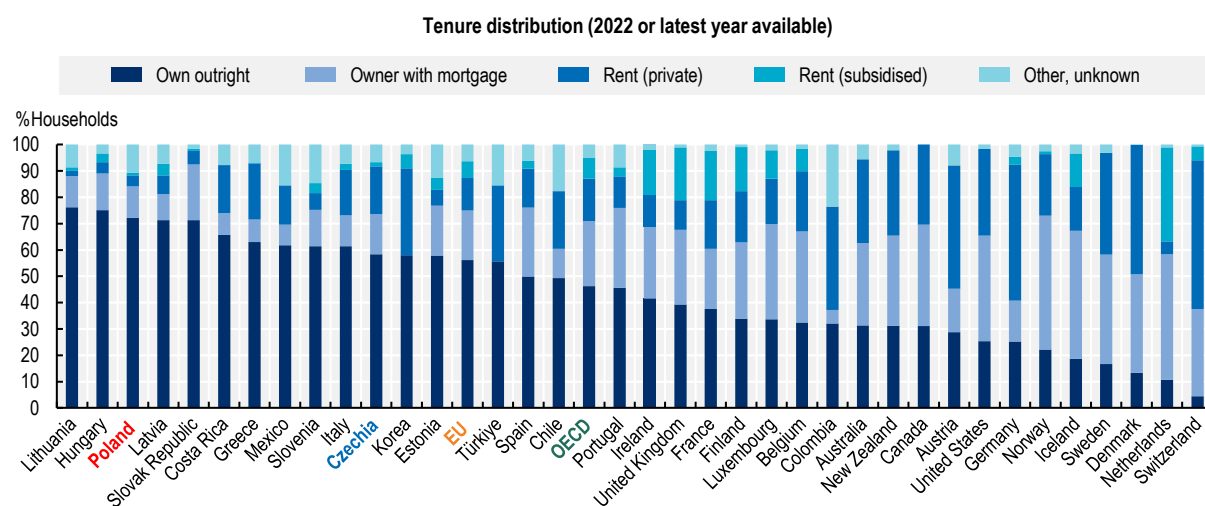
Most households are owner-occupiers: 72% in Czechia and 84% in Poland in 2022, compared to 75% and 71% on average in the EU and the OECD, respectively (Figure 1.7). The Polish tenure distribution is largely a consequence of the privatisation of private housing during the transition out of communism. A number of households were given dwellings that were nationalised or built during the communist era and in public ownership following re-privatisation laws passed 1996 in Poland, which also applied to the heirs of previous owners (Kozminski, 1997<sup>[13]</sup>). Re-privatisation laws were also adopted in Czechia in 1990, leading to the transmission of property rights to private households or cooperatives, which are further detailed in Chapter 2. Home ownership does not necessarily reflect households' incomes nor living standards, as the quality of these dwellings can vary drastically.

While the size of the private rental sector in Czechia is close to the EU average, it has remained rather small in Poland (Figure 1.7), which could limit households' mobility. The private rental market is much more developed in Czechia (22% of Czech households were renters in 2021, against 15% in Poland), and the rental sector appears to be shrinking in Poland (-3.5 percentage points between 2011 and 2021). In Czechia, the social (subsidised) rental housing stock<sup>2</sup> is relatively small from a comparative perspective, accounting for 3.6% of all dwellings, while in Poland the share of social housing is around 6.6% (the EU\* and OECD averages are 8% and 7.1%, respectively). In Poland, social housing is primarily provided by municipalities and municipal companies, including Social Housing Associations (TBS) and Social Housing Initiatives (SIM – see Box 3.3 in Chapter 3 for further details).

<sup>2</sup> For international comparison purposes, the OECD defines the social rental housing stock as “the stock of residential rental accommodation provided at submarket prices and allocated according to specific rules rather than market mechanisms” (Salvi del Pero et al., 2016<sup>[42]</sup>).



Figure 1.7. Most households are owner-occupiers



Note: Tenants renting at subsidised rent are lumped together with tenants renting at private rent in Australia, Austria, Canada, Chile, Colombia, Costa Rica, Denmark, Mexico, New Zealand, Türkiye and the United States. In Sweden, there is a large share of municipally-owned rental housing, which are included under Rent (private), because rent levels are not subsidised. See also indicator PH4.2 Social rental dwelling stock in the Affordable Housing Database for additional information on subsidised rental housing. Outright owners of homes are lumped together with owners with mortgages in Korea and Türkiye due to data limitations. Data for Australia, Korea, New Zealand Switzerland, United Kingdom and the United States refer to 2021, for Norway and Türkiye to 2020, for Canada to 2019, for Iceland to 2018. OECD and EU averages refer to countries for which all tenure types are available.

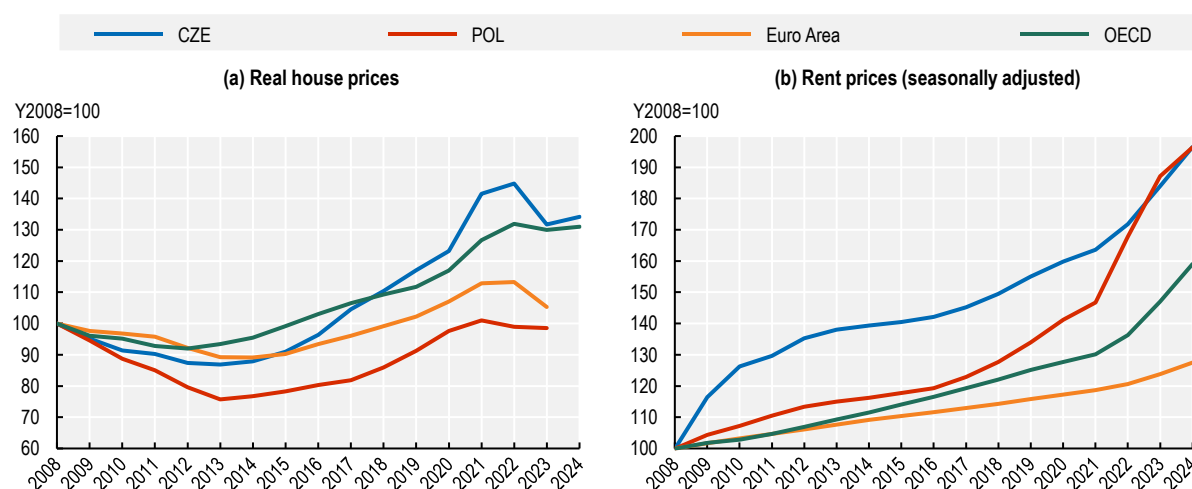
Source: OECD Affordable Housing Database (AHD).

#### 1.1.4. House prices and rents have increased sharply, and many households are overburdened by housing costs

Real house prices and rents have increased at a sharp pace since 2013, following a fall in the aftermath of the global financial crisis, particularly in Czechia (Figure 1.8). Real house prices have been on an upward trend since the 1990s due to factors specific to Eastern and Central European countries: in addition to large-scale state ownership of the housing stock, rents used to be controlled and/or set by the state. These policies contributed to distort market prices and keep them at very low levels for a long time, which further fed their inflation in the aftermath of the transition.

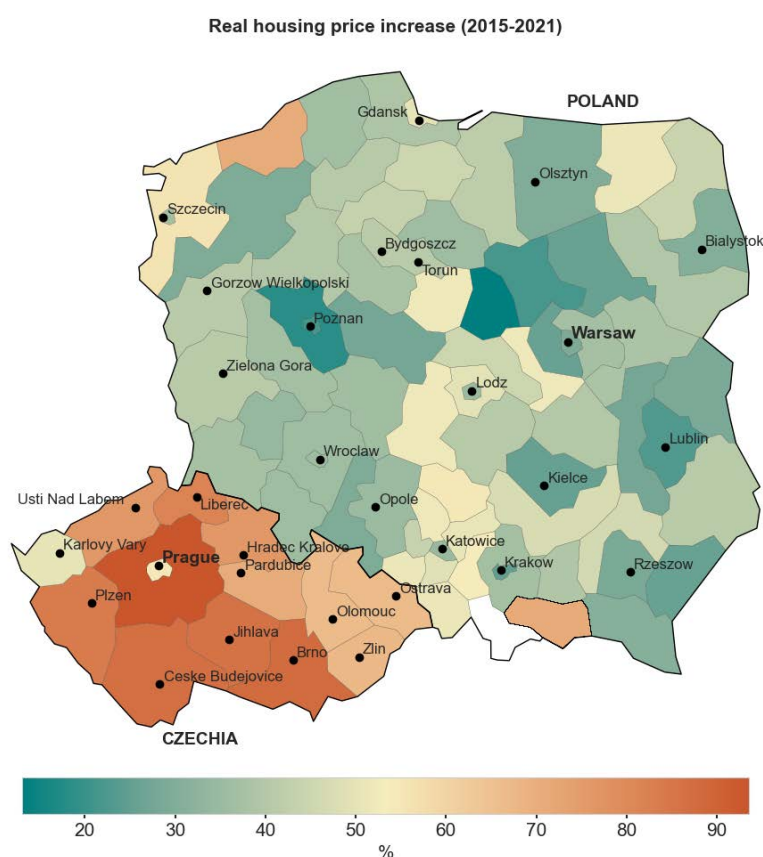
Although real housing prices have increased everywhere, and more so in Czechia than in Poland, there are regional differences (Figure 1.9). In Czechia, the area surrounding Prague appears have experiences the lowest increase in prices from 2015 to 2021. In Poland, the area around Szczecin has seen the largest inflation in house prices as of 2021.

Figure 1.8. Housing prices have drastically increased in Czechia



Note: The real house price index (panel A) is derived from sales data on both newly built and existing dwellings. Rent prices are measured by the annual average index of the Harmonised Indices of Consumer Prices (HICP) for actual rentals for housing, Source: OECD Economic Outlook (Analytical house prices indicators).

Figure 1.9. Real housing prices have increased faster in some regions

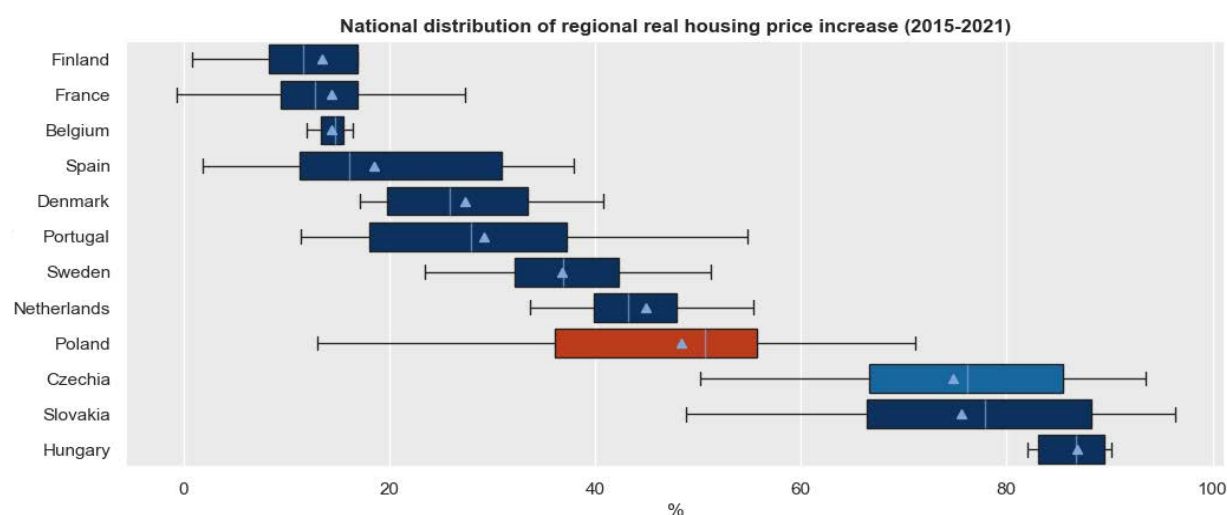


Note: Regions correspond to the NUTS3 regions defined by Eurostat.

Source: Authors' computations from the Czech Statistical Office (CZSO) and Statistics Poland (GUS).

More generally, the recent increase of real house prices in the EU since 2015 has challenged housing affordability (Figure 1.10). Estimating the elasticity of new housing supply, i.e. the extent to which new housing can be made available in response to housing price increases, helps to assess how responsive new construction is to demand increases. When the housing supply is found to be inelastic, it indicates difficulties to build and make housing available in response to increased household demand. As a result, a rise in demand is likely to lead to a significant increase in real housing prices. If supply is elastic, however, other factors are likely to have had an influence on prices, leading to their current levels (see Glaeser, Gyourko and Saiz (2008<sup>[14]</sup>) for an overview of the mechanisms at play, and Cavalleri, Cournède and Özsögüt (2019<sup>[15]</sup>) and Bétin and Ziemann (2019<sup>[16]</sup>) for recent estimations). In order to disentangle these effects, the elasticity of supply was estimated at the regional level in 12 countries for which data are available, including Poland and Czechia, following the estimation procedure detailed in Box 1.1. Identifying these effects can help inform the most appropriate policy directions to improve housing affordability.

**Figure 1.10. Regional housing prices have strongly increased in Central European countries**



Note: The light blue lines indicates the medians, the triangles indicate the means and the boxes measure the interquartile range (Q3-Q1). Outliers are not displayed. Real prices were derived from observed prices using the OECD housing price deflator.

Sources: OECD computations using data on regional housing prices from the Czech Statistical Office (CZSO), Statistics Poland(Gus), the National Bank of Slovakia, the French Public Finances Directorate General (DGFIP), Statistics Portugal, Statfin, Statbel, the European Central Bank and the OECD Analytical house price indicators.

### Box 1.1. Estimating regional supply elasticities: method and data

#### Estimation strategy

Following Saiz (2010<sup>[17]</sup>), it is assumed that developers sell homes at price  $HP$ , which is the sum of land prices ( $LP$ ) and construction costs ( $CC$ ):  $HP = LP + CC$ . Further assuming the inverse supply elasticity of housing decreases with land availability, the inverse housing supply in each region can then be expressed as follows:

$$\Delta \ln(HP_i) = \beta_0 + \beta_{CC} \Delta \ln(CC_i) + \beta_1 \Delta \ln(BP_i) + \beta_2 (1 - \Lambda_i) \Delta \ln(BP_i) + u_i \quad (1)$$

The term  $1 - \Lambda_i$  captures the share of unavailable land in region  $i$  and the number of building permits granted in the region ( $BP_i$ ) is used as a proxy for housing supply.

In order to deal with the endogeneity between house prices and construction, the price-elasticity of housing supply is estimated using 2SLS OLS regressions, similar to the empirical strategy used by Bétin and Ziemann (2019<sup>[16]</sup>). The first-stage regression is used to predict demographic change in each region  $i$  using four instruments (Bartik's instrument (Bartik, 1991<sup>[18]</sup>), growth rate of the 0-14 populations 20 years before the estimation window, the evolution of burglaries two years prior and the evolution of completed dwellings):

$$\Delta \ln(BP_i) = \alpha_0 + \alpha_1 Bartik_i + \alpha_2 POP < 14_i + \alpha_3 Burglaries_i + \alpha_4 CD_i + \omega_i \quad (2)$$

Predictions from equation (3) are used to estimate the reduced-form equation of inverse housing supply elasticity (2). Denoting  $X_i^n$  the variables capturing constraints (geographical constraints, real wages, policies), the second-stage regression can be expressed as follows:

$$\Delta \ln(HP_i) = \beta_0 + \beta_{CC} \Delta \ln(CC_i) + \left( \beta_{BP} + \sum_n \beta_n X_i^n \right) \Delta \ln(\widehat{BP}_i) + v_i \quad (3)$$

### Dataset

The regional elasticities of housing supply were estimated using a dataset containing regional-scale observations for 12 EU countries (NUTS-3 regions for Poland and Czechia), built by matching change in real house prices to geographical constraints, the evolution of building permits, policy indicators, wages and the change in construction costs for the period 2015-2021. The estimates derived from equation (3) were then used to compute regional elasticities of supply in each country. The volume of new construction is proxied by the number of building permits, and construction costs are measured with a synthetic index produced by Eurostat, which takes labour and material costs into account. Available land for housing development is accounted for using the size of the settlement area in Eurostat's Land Use/Cover Area frame survey (LUCAS), which is a geodatabase with harmonised land-use and land-cover information for all member states. Note that the variable is built from land-cover in urban areas rather than entire regions, since geographical constraints would only restrict construction in densely built areas.

Since local policies impact housing supply, failing to account for differences in their stringency across countries would bias estimates due to unobserved heterogeneity. The estimations include two proxies for national policies with a potential impact on housing supply:

- The restrictiveness of land-use regulations can limit the land available for development. It is proxied with the index developed by Cavalleri, Cournède and Özsöğüt (2019<sup>[15]</sup>), which relies on the assumption that more decentralised governance of land-use policies leads to more restrictive regulations. It was adapted from the Wharton Residential Land Use Regulatory Index and computed using the answers to the 2019 OECD Questionnaire on Affordable and Social Housing, ranging from 0 (least restrictive) to 30 (most restrictive).
- Rent control stringency can also limit the supply of housing, since strong tenant rights can discourage the development of new rental dwellings. It was proxied by the Rental Market Index (ReMaIn), which is found in an open-source database compiling and quantifying rental legislations in 64 countries over time (Kholodilin, 2018<sup>[19]</sup>).

A more detailed data description is provided in Annex 1.A.

Table 1.1 displays the coefficients and robust standard errors obtained from estimating the inverse supply elasticity (Equation (3) in Box 1.1), with different levels of controls. Focusing on specifications (2) and (3), which address the endogeneity between housing prices and construction, the coefficients associated to construction costs are much higher than the one associated with demand (proxied by building permits),

which is consistent with previous OECD estimates (see Tables 2 and 3 in Bétin and Ziemann (2019<sub>[16]</sub>)). The coefficient attached to policy variables is also consistent with these previous results: land-use restrictions seem to significantly push up prices in response to a demand shock, meaning that they restrict supply, while the rent control restrictiveness index does not appear to have a significant effect on housing prices. In addition, real wages seem to have a strong limiting impact on housing supply, hence higher wages would tend to push housing prices up for a similar demand shock (e.g. through demographic increase). Using specification (3), inverse supply elasticities were obtained as  $\varepsilon_i = \beta_{BP}^l + \sum_n \beta_n X_n^l$  where each coefficient  $\beta_n$  is the coefficient associated with constraints  $X_n$  (geographical, policy-induced and wages). The resulting elasticities are displayed in Figure 1.11, and their range is in line with the results obtained by Bétin and Ziemann (2019<sub>[16]</sub>) despite using different methodologies, with higher values for Portugal, Sweden and the Netherlands than in other EU countries.

**Table 1.1. Coefficients from the estimation of inverse housing supply elasticities**

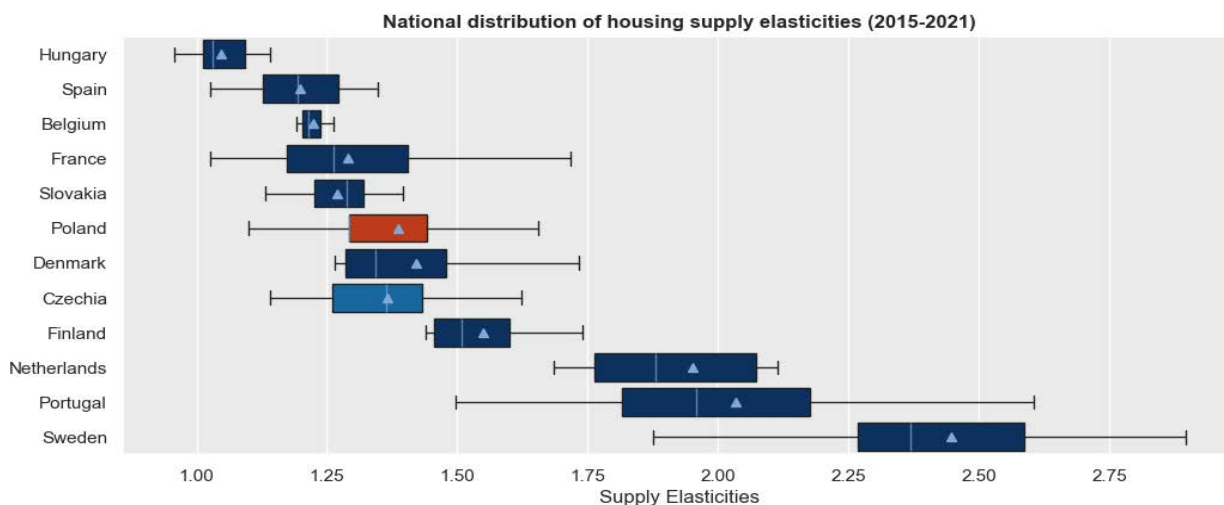
	$\Delta$ Housing Prices		
	(1)	(2)	(3)
$\Delta$ Construction cost	2.890*** (0.302)	2.283*** (0.731)	3.869*** (0.180)
$\Delta$ Building permits	0.141*** (0.021)	0.189*** (0.045)	0.179*** (0.046)
$\Delta$ Building permits x Rent control			-1.086 (0.715)
$\Delta$ Building permits x Land-use restrictiveness proxy			0.046** (0.022)
$\Delta$ Building permits x Settlement area			-0.007*** (0.002)
$\Delta$ Building permits x $\Delta$ Real wages			1.270*** (0.358)
Rent control			0.732 (0.526)
Land-use restrictiveness proxy			-0.019 (0.014)
Settlement area			-0.006*** (0.001)
$\Delta$ Real wages			0.425 (0.338)
2SLS	No	Yes	Yes
Observations	125	125	125
R-squared	0.33		
Centered R-squared		0.04	0.38

Note: Standard errors in parentheses. \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ . Constants were included but not displayed in the table. Robust standard errors were clustered based on countries' legal origin group, meaning they are robust to both unobserved heteroskedasticity and unobserved intra-group correlation. Building permits are instrumented by the Bartik instrument, the growth rate of population aged 0-14 between 1995 and 2001, the evolution of the crime rate (number of burglaries) between 2013 and 2015, and the evolution of completed dwellings.

Overall, housing supply appears somewhat elastic to demand shocks, since almost all regional estimates are above 1, but are rather low – in particular, the median elasticities in Czechia and Poland are 1.4 and 1.3 respectively (Figure 1.11). These results indicate that supply seems to react to demand shocks, but much less so than in other European countries. Increasing construction costs and real wages seem to have played a larger role, as well as restrictive land-use governance, in contributing to an increase in house prices. In other words, despite housing production keeping up with demand, real prices still increased sharply. In the Czech context, Šustek and Zlapetalova (2023<sub>[20]</sub>) found that more than half the inflation of real housing prices between 2013 and 2021 could be linked to the growth of real household incomes, which is consistent with the results presented here. Similar conclusions were drawn in the Polish context (Cellmer, Beata Cichulska and Belej, 2021<sub>[21]</sub>). Both papers additionally suggested that favorable mortgage

conditions, which are not included in this estimation, have played a significant part in rising housing prices, by increasing the number of potential buyers. Additionally, using building permits to proxy production in the construction sector does not control for the size and quality of new dwellings, which may also have improved and contributed to the price increase.

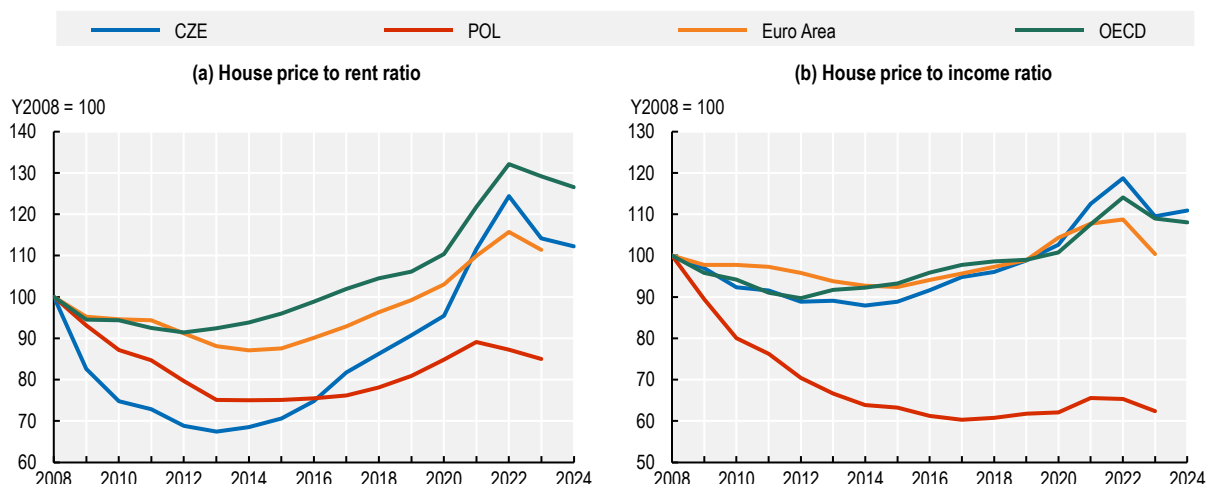
**Figure 1.11. Regional housing supply was elastic in a selection of EU countries**



Note: The light blue lines indicate the medians, the triangles indicate the means and the boxes measure the interquartile range (Q3-Q1). Outliers are not displayed. Supply elasticities were computed using estimation results from specification (3) in Table 1.1, from which inverse-supply elasticities are obtained using  $\varepsilon_i = \beta_{BP}^l + \sum_n \beta_n X_n^l$ .

House prices have also become increasingly high relative to the annual rent prices in Czechia (Figure 1.12, Panel A). This was largely driven by rising house prices, which were not fully compensated by the increase of disposable incomes (Figure 1.12, Panel B). In Czechia, the house-price-to-income ratio has become especially high, exceeding the Euro area and the OECD averages, reflecting the decreasing affordability of houses and potential barriers to home ownership in the future.

**Figure 1.12. Owning a house has become less affordable in Czechia**

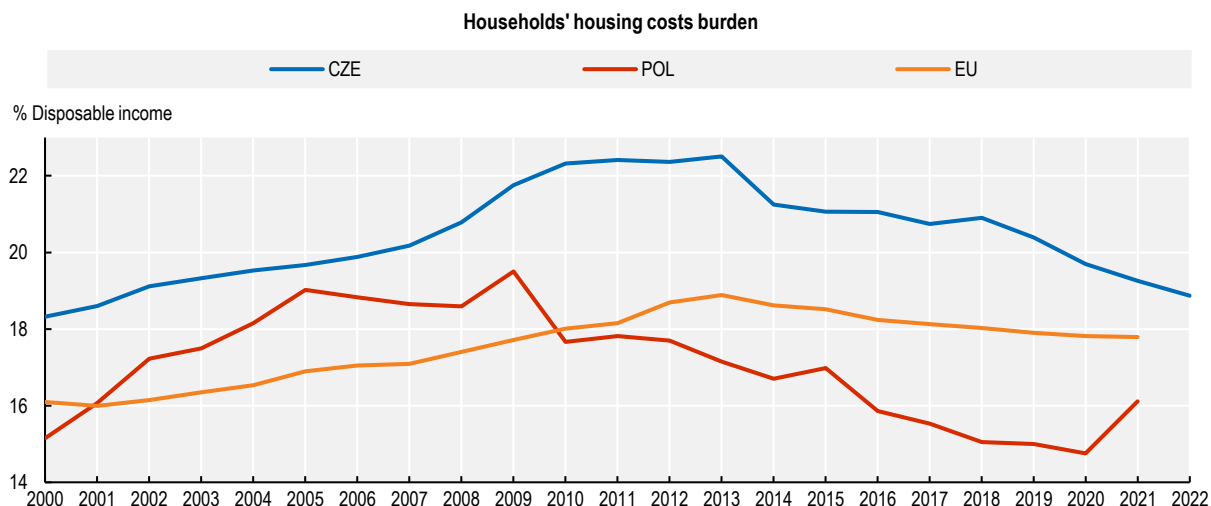


Note: The price-to-rent ratio corresponds to median house prices divided by rent price indices. The price to income ratio is the nominal house price index divided by the nominal disposable income per head.

Source: OECD Economic Outlook (Analytical house prices indicators).

Consequently, and despite experiencing faster income growth, Czech households face a relatively higher housing cost burden than households in other EU countries (Figure 1.13). These housing expenses include the cost of rents and mortgage payments, land-based and property taxes, maintenance, and utility costs such as water and energy. Czech households spent on average 18.9% of their incomes on housing costs in 2022, compared to 16.4% in Poland.

**Figure 1.13. The cost burden of housing is higher in Czechia relative to Poland and EU peers**



Note: The housing cost burden is defined as the share of households' disposable incomes being spent on housing costs, which include rents, mortgages, land-based and property taxes, energy and water expenses, and maintenance costs.

Source: OECD National Accounts Statistics.

Homelessness, which is the most extreme form of social exclusion, is a challenge in both Czechia and Poland. According to national homelessness statistics, which are difficult to compare across countries (see, for instance, OECD (2024<sup>[22]</sup>; 2020<sup>[23]</sup>)), 104 818 individuals were experiencing homelessness in Czechia (0.97% of population) in 2022<sup>3</sup> (OECD, 2024<sup>[24]</sup>) and 31 042 people in Poland (0.08% of the total population) in 2024 according to the Polish Ministry of Family, Labour and Social Policy (2024<sup>[25]</sup>). These figures exclude people in institutional settings in Czechia, and people experiencing homelessness staying with family or friends in Poland. In both countries, most individuals experiencing homelessness are men, who accounted for at least 80% of rough sleepers in Czechia in 2020 (FEANTSA, 2020<sup>[26]</sup>) and approximately 80% of all people experiencing homelessness in Poland (Polish Ministry of Family, Labour and Social Policy, 2024<sup>[25]</sup>). In Czechia, single mothers at risk of losing their homes have become a priority target group of policymakers, as 37% of children enrolled in school were found to live in households at risk of eviction.

<sup>3</sup> Moreover, in Czechia, an additional 48 982 people were living in various situations of housing exclusion, including inadequate stability of tenure (evictions from rental housing, at risk without legal title, repeated contracts) and inadequate housing quality (functionally inadequate housing, overcrowding) (Czech Ministry of Regional Development, 2025<sup>[43]</sup>).



In Poland, the duration of homelessness has been increasing, as the share of people experiencing homelessness for more than 5 years rose from 43% in 2013 to 55% in 2019 (FEANTSA, 2020<sup>[27]</sup>). This suggests challenges to rapid intervention and the ability to provide durable housing solutions. Housing First initiatives, which provide long-term housing solutions to people experiencing homelessness, coupled with tailored support services, have been undertaken locally but are still not a general practice. These issues in the context of Poland are discussed further in Chapter 3.

More recently, the substantial increase in Ukrainian refugees fleeing Russia's war of aggression in Ukraine has put further pressure on the housing market in both countries and increased the demand for affordable housing and emergency housing services at the municipal level. As of Q1 2025, 398 595 and 998 070 refugees had settled in Czechia and Poland, respectively, which represented 66% of refugees currently living in countries featured in the EU's Refugee Response Plan according to the United Nations High Commissioner for Refugees (UNHRC, April 2025<sup>[28]</sup>). Following the EU directive, refugees are eligible to the same public services as Czech and Polish citizens, including social housing. Many municipalities have been in the first line to welcome refugees, sometimes despite limited resources. For instance, in the Polish city of Lublin, the municipality used public buildings listed in the contingency plans for natural disasters (e.g. schools, sports halls, university buildings and dormitories) to provide shelter to Ukrainian refugees. The temporary nature of these housing solutions has raised growing concerns regarding the sustainability of refugees' living conditions in the long run (International Rescue Committee, 2023<sup>[10]</sup>); the Temporary Protection Directive was extended to 4 March 2026.

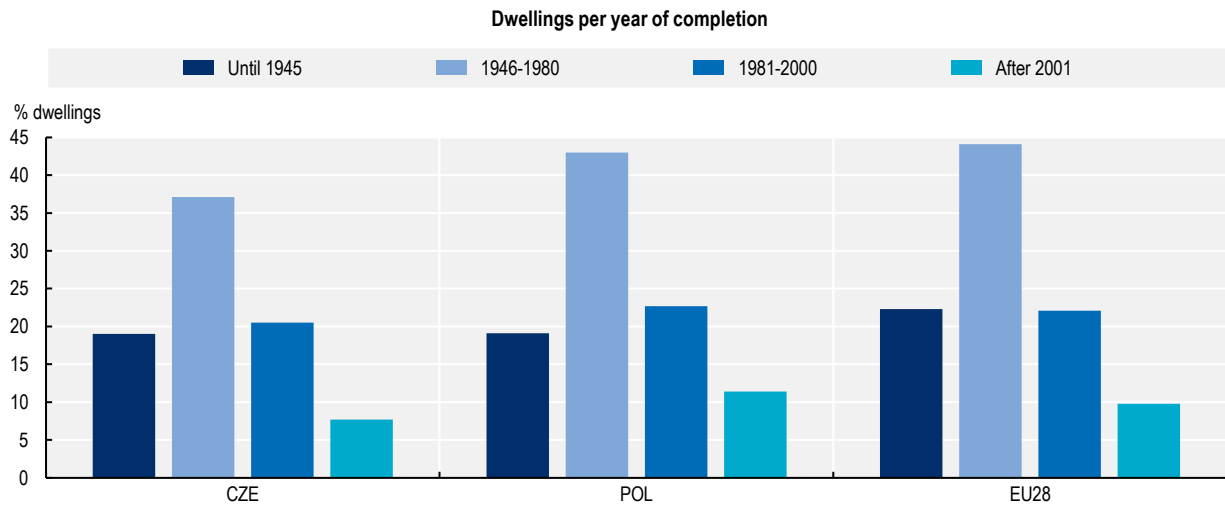
#### ***1.1.5. The quality of the housing stock is low despite efforts to finance renovations and improvements***

The existing housing stock in both countries is not recent and is on average of relatively lower quality in Poland than in the rest of the EU (Eurofound, 2016<sup>[29]</sup>). Similar to other European countries, over 40% of existing dwellings were built between 1946 and 1989 (56% in Czechia and 43% in Poland per Figure 1.14), initially designed with little to no thermal insulation, and central heating systems that have since deteriorated. More generally, in the absence of renovations, dwellings built before the 2002 European Energy Performance Directive typically have lower energy standards, meaning households need to consume more energy to reach a decent level of comfort. Poland has made efforts to intensify construction since the early 2000s (Republic of Poland, 2022<sup>[30]</sup>) and replace or renovate these older residential buildings: 24.5% of its building stock was composed of buildings built after 2000 according to the 2021 census, against 17.4% in Czechia – for reference, 2011 census data estimated this share at 9.8% in the EU. The Czech housing stock has also substantially improved over the past two decades, in a large part through renovations subsidised by state programmes (see, for instance, the PANEL programme discussed in section 1.2 in this chapter).

There are also differences in terms of dwelling types. Flats in multi-apartment buildings are slightly more prevalent in Czechia relative to the EU average, while Poland is slightly below the EU average (Figure 1.15). In particular, there are relatively more flats in rural and suburban areas in Czechia than in the rest of the EU. Apartment buildings were the most common type of housing built during the communist era, with two-thirds of these multi-housing units located in panel blocks, which were typically developed to boost local economic development by allowing workers to move in (Building for the future, 2018<sup>[31]</sup>).

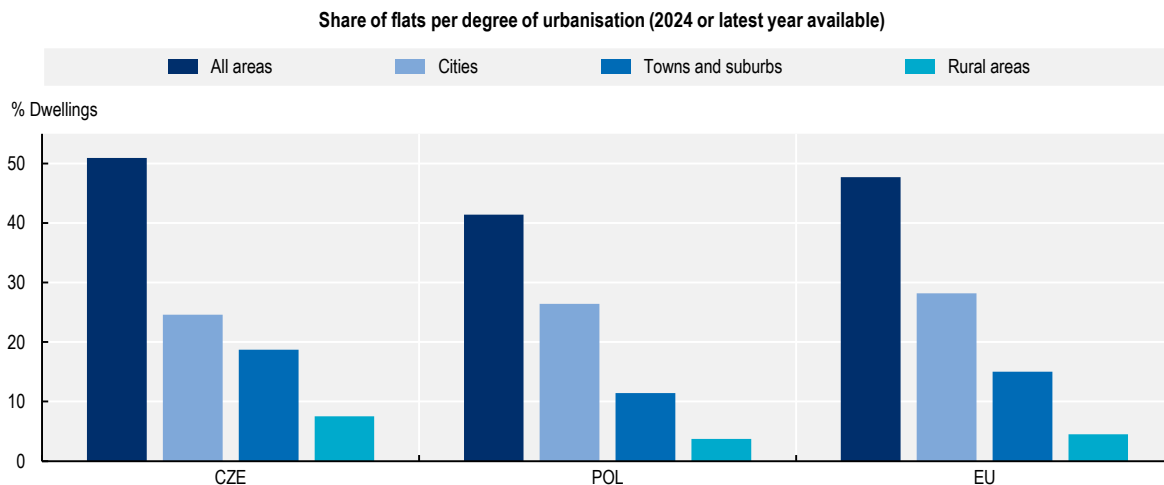


**Figure 1.14. Dwellings are relatively older in Czechia than in Poland and on average in the EU**



Source : Eurostat census (2011) – see Eurostat (2018<sup>[32]</sup>).

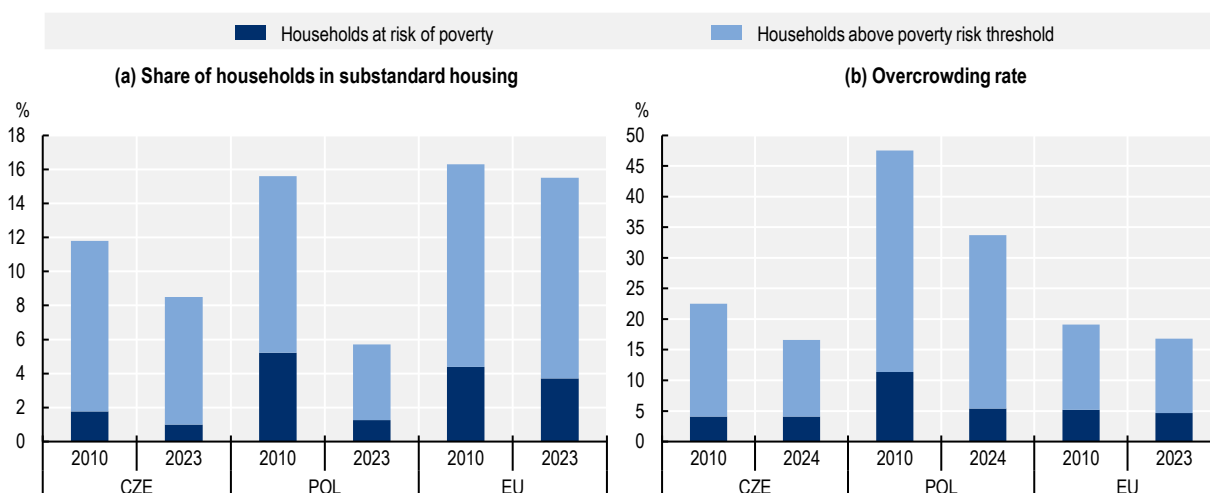
**Figure 1.15. Flats are more prevalent on the Czech market**



Note: Flats refer to housing units in multi-apartment buildings. Information at the EU level is from 2023.  
Source: EU-SILC (Eurostat).

The quality of housing was at its lowest in the 1990s, as the mass-produced prefabricated housing blocks during the communist era aged and suffered from generalised under-investment in their maintenance. The bulk of the housing stock built before the 1990s has remained either public ownership or owned by cooperatives, leaving mainly municipalities in charge of the associated maintenance in Poland (Hegedüs, Horváth and Somogyi, 2017<sup>[5]</sup>). Over time, housing quality has increased, through renovations and higher standards for new construction: the share of households living in substandard housing was divided by 1.7 in Czechia and by 3.5 in Poland between 2010 and 2023 (Figure 1.16, Panel A). However, despite a marked decline in the share of households living in overcrowded conditions, the Polish overcrowding rate was still twice the EU average in 2024 (Figure 1.16, Panel B).

**Figure 1.16. Housing quality is lower in Poland, but has improved over the last decade**

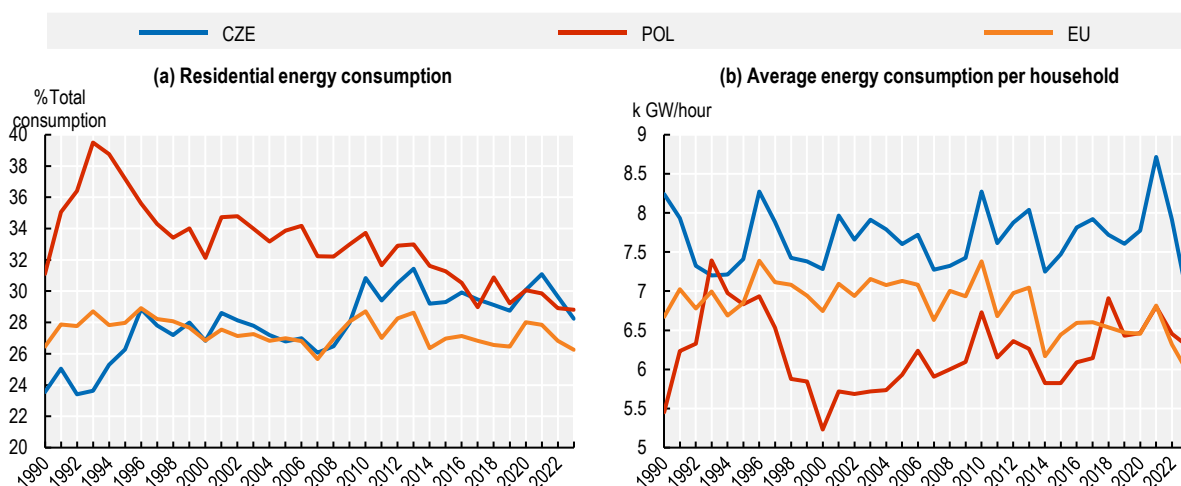


Note: The overcrowding rate is the share of households living in an overcrowded dwelling, meaning there are not enough rooms to ensure one room per couple, for each person older than 18, etc. Substandard housing refers to dwellings with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor. The risk of poverty threshold is set at 60% of the median equivalised income.

Source: Eurostat (EU-SILC).

Improving dwellings' energy efficiency is a key element of EU countries' national initiatives to subsidise residential renovations, in line with the European Green Deal. Households still accounted for 29% and 26% of final energy consumption in Poland and Czechia in 2021, against 28% in the EU, and followed different evolutions over time (Figure 1.17). In Poland, the improvement of dwellings' energy efficiency of dwellings since the mid-90s was driven by state subsidies for insulation and boiler replacements. With solid fossil fuels accounting for 22% of fuels used for the final energy consumption of the Polish residential sector against 3% in the EU (Eurostat, 2023<sup>[33]</sup>), replacing these heating systems not only improves dwellings' energy efficiency, but also positively impacts people's health.

**Figure 1.17. Dwellings' share of final energy consumption remains above the EU average**



Note: Residential energy consumption refers to the final use of energy by households, measured in Gigawatt-hour, and expressed here as a share of the total final energy consumption. Average consumption was obtained by dividing the final use of energy by households by the total population and expressed in thousand Gigawatt per hour.

Source: Eurostat Energy statistics and "Demography, population stock and balance" database.

## 1.2. Comparative overview of housing policies and challenges

Responsibility for housing-related policies is distributed across several ministries in both countries, as is widely the case in OECD and EU countries. The Ministry of Economic Development and Technology (*Ministerstwo Rozwoju i Technologii*) oversees the main housing policies and subsidies in Poland<sup>4</sup>, while they are the responsibility of the Ministry of Regional Development (*Ministerstvo pro místní rozvoj České republiky*) in Czechia. The responsibility for the social services provided in the context of supported housing lies with the Ministry of Labour and Social Affairs (*Ministerstvo práce a sociálních věcí České republiky*) in Czechia, and the Ministry of Family, Labour and Social Policy (*Ministerstwo Rodziny, Pracy i Polityki Społecznej*) in Poland, specifically the Office of Social Welfare Services in the Department of Social Assistance and Integration<sup>5</sup>. Other national ministries are involved in specific areas related to housing: for instance, both countries rely on their respective Ministry of Environment to establish a framework for energy renovations and distribute targeted support in the forms of grants and soft loans.

### 1.2.1. Construction, ownership and rental policies

Under their national housing policies, Czechia and Poland have established regulations and programmes to regulate the development of new dwellings and facilitate access to housing, both in terms of accessing home ownership and rent affordability (Table 1.2). Both countries regulate new construction through a building code established and updated nationally by the ministries in charge of the overall housing policies, which sets baseline standards in terms of resident security, materials, energy use and environmental impact. Local authorities oversee the delivery of building permits following their local urban development plans.

Access to home ownership has historically been subsidised or incentivised through fiscal measures in both countries, which are widespread practices in many OECD and EU countries. In Poland, households can obtain fiscal deductions and favourable loans to purchase their homes and apply for complementary grants depending on their incomes and family situations – a similar programme existed in Czechia but has been revoked since 2022. Young families are the priority target of programmes promoting homeownership in Poland, but government housing programmes more generally apply to low and middle-income households, who are not eligible for social housing, but cannot afford to buy property, nor to rent at a private-market rent. The Polish government has also attempted to facilitate new constructions by alleviating formal building permit requirements for houses smaller than 70 square metres.

Tenant rights are particularly strong in Poland and most renters have indefinite contracts, while most Czech renters tend to have contracts with a defined rental period that can be renewed. A recent reform of the tenancy law in Poland created “institutional leases” (*najem instytucjonalny*) to incentivise private developers to invest the construction of new rental housing units by contractually facilitating potential tenants’ eviction – but take-up has not been large so far. In Czechia, tenants can benefit from subsidies to cover housing costs. Similar subsidies are provided to certain groups of Polish renters depending on their income, family size, disability status, etc. In both cases, the level of spending on housing allowances is substantially lower than in the rest of the OECD, which could be partially due to a part of eligible individuals not applying for support.

<sup>4</sup> Following the Regulation of the Prime Minister on the functioning of the Minister of Finance and Economy of 25 July 2025, the Ministry of Economic Development and Technology, together with the Ministry of Finance, is a government administration authority and provides support to the Minister of Finance and Economy.

<sup>5</sup> The Ministry of Family, Labor and Social Policy, Office of Social Welfare Services in the Department of Social Assistance and Integration can be found under other denominations in past documents (e.g. most recently the Ministry of Family and Social Policy until February 2024).

**Table 1.2. Main institutions and programmes related to housing construction, tenancy and ownership**

Czechia		Poland	
Main institutions and responsibilities	Main programmes or activities	Main institutions and responsibilities	Main programmes or activities
<i>Framework for new construction and property ownership</i>			
The <b>Ministry of Regional Development</b> establishes national housing policy objectives and coordinates the different programmes.	The Ministry defines and updates the <b>Building Act</b> regulating spatial planning and construction issues in terms of safety, quality and contracts, along with the <b>Administrative Procedure Act</b> , the <b>Expropriation Act</b> and the <b>Act to facilitate the construction of strategic infrastructure</b> .	The <b>Ministry of Economic Development and Technology</b> establishes national housing policy objectives and coordinates the related programmes.	The Ministry defines and updates the <b>Construction Law</b> regulating construction issues and defining norms in terms of quality and in charge of the <b>State Purchasing Policy</b> regulating public procurement contracts.  Under the 2021 <b>Home without formalities Programme</b> ("dom bez formalności"), houses up to 70 sq. metres can be built without a permit.
<b>Local building offices</b> implement the national guidelines.	Local building offices have a delegated competence to deliver <b>building permits</b> (conditional on environmental assessment of the impact of the project).	The heads of regional authorities ( <b>voivodeships</b> ) or county authorities ( <b>powiats</b> ) implement national guidelines	The <b>powiat</b> issues <b>buildings permits</b> but can be countered by the <b>voivodeship</b> – which is the first-level authority when it comes to large-scale projects (e.g. wind farms).
The <b>Ministry of Finance</b> defines and collects housing related taxes.	Collecting real estate taxes (and real-estate purchasing taxes until 2020) and defining their level using an area-based approach.	The <b>Ministry of Finance</b> defines and the cap for housing related taxes.	Defining the maximum level of real estate and real-estate purchasing taxes and defining their level using an area-based approach.
<b>Local governments</b> establish the level of real-estate taxes.	Defining and collecting real-estate taxes.	<b>Local governments</b> establish the level of real-estate taxes.	Defining and collecting real-estate taxes.
<i>Access to homeownership</i>			
The <b>Ministry of Finance</b> provides tax-relief for first-time buyers.	Households can obtain a <b>tax relief for the interest from mortgage payments</b> ( <i>Nezdanitelná část základu daně</i> ).	The <b>Ministry of Economic Development and Technology</b> provides funds to support first-time homeowners using the state budget.	Under the <b>First Home Programme</b> , the <b>Safe Mortgage Scheme</b> , ensuring mortgage a fixed 2% interest rate for the first 10 years (up to PLN 500 000 for a single person, 600 000 for a family) and the <b>Home savings account</b> provides a state bonus to households' savings dedicated to purchasing a home.
		The <b>National Development Bank</b> (BGK) provides guarantees for first-time buyers.	The <b>Apartment without own contribution programme</b> subsidises first-time owners' downpayment. The BGK also operates the <b>First Home Programme</b> .
		The <b>Ministry of Finance</b> provides tax-relief on mortgage and home loans.	Mortgage and home loan interests can be deducted from households' taxable income up to a threshold if the loan was taken out between 2002 and 2006.

Tenancy regulations			
The <b>Ministry of Regional Development</b> oversees the framework for rental contracts.	Tenancy protection is included in the Civil Code (Contract Law – <b>Rental Agreement</b> ). Tenants and landlords can agree on a contract period or sign an indefinite period contract.	The <b>Ministry of Economic Development and Technology</b> oversees the framework for rental contracts	The current <b>Act on the Protection of Tenants' Rights</b> defines three types of rental agreements with different levels of protection: the <b>civil law contract</b> (strong tenant protection), <b>occasional tenancy agreements</b> (with an end date) and <b>institutional rents</b> (low tenant protection).
Housing affordability for renters			
The <b>Civil Code</b> establishes caps for rent increases on the free market (up to 20% increase over three years).		The <b>general law</b> defines maximum annual rent increases and the conditions for the rent increases in the private market.	
		<b>Heads of Voivodeships</b> establish the maximum level of rents for municipal housing, and <b>municipalities</b> or organization managing municipal housing establish the precise level.	Social housing rents are determined consistently with <b>local municipal housing plans</b> .
The <b>Ministry of Labour and Social Affairs</b> allocates rent subsidies to people struggling to afford housing, conditional on disposable income and housing costs (extends to owner-occupiers).	Households can apply for the <b>Housing allowance</b> ( <i>příspěvek na bydlení</i> ) and obtain the difference between the cost of housing and 30% of their threshold income. Households with a very low income can also obtain a <b>Housing supplement</b> ( <i>Doplatek na bydlení</i> ) to cover remaining expenses, and apply for a grant to cover their security deposit ( <i>mimořádná okamžitá pomoc</i> ).	The <b>Ministry of Economic Development and Technology</b> regulates subsidies to households and funds the programmes operated by the BGK.	<b>Housing subsidies</b> granted by <b>municipalities</b> are regulated by the Ministry of Economic Development and Technology. Allowances are available independently of tenure, but depending on income per family member, the size of the dwelling (households have to occupy a “standard flats” , capped at 35 sq. metres for a one person household for instance).
		The <b>National Development Bank</b> (BGK) supports municipalities develop affordable housing solutions and helps households cover their housing expenses.	The <b>Flat for Start</b> ( <i>Mieszkanie na start</i> ) programme implemented since 2018 grants financial support to households during their first years of renting, in collaboration with municipal housing.

Note: Czechia has three defined levels of government: the national government, 14 regions (*kraje*) and 6258 municipalities (*obce*). Poland has four defined levels of government: the national government, the 16 *voivodeships* acting as regional governments, 314 counties (*powiats*) and 66 cities with *powiat* status acting as intermediate government and 2477 municipalities (*gminas*), which are local governments. The list of policies is not exhaustive and may exclude local initiatives and punctual interventions.

Source: Government of Czechia, Government of the Republic of Poland.

### 1.2.2. Policies to support social and affordable housing, and associated social services

Social housing (below market-rate rental housing) is mostly provided by municipalities in Czechia and Poland (Table 1.2). The lack of affordable rental housing solutions is a common issue in both countries, which has led to the implementation of dedicated programmes to increase the supply in both countries. Despite these programmes, the provision of social and supported housing is insufficient to meet demand in both countries. Municipal and publicly owned dwellings represent a particularly small share of the housing stock in Czechia, accounting for 3.6% of all dwellings against 6.6% in Poland in 2021. Further, Czech municipal dwellings are not necessarily offered below market rates, meaning that only a portion of these housing units ultimately serves the purpose of social housing per the OECD definition.

Due to the insufficient provision of social and affordable dwellings, eligible households can stay on waiting lists for a long time in both countries. The median waiting time for eligible households in Czechia was estimated to be two years and reached over 60 months in 18% of the surveyed municipalities in the OECD-MMR housing survey. In Poland, a study conducted by the Institute of Urban and Regional Development (2023<sup>[34]</sup>) also found a large under-supply of social housing, as 136 200 households were on waiting lists for municipal dwellings despite meeting eligibility requirements in 2020 – recent estimates provided by the Polish national Statistics Office (GUS) found 119 338 households on waiting lists for municipal dwellings in 2024, meaning a 12% decrease. Waiting times for eligible households were also found to be long, which is a consequence of the overall low provision of municipal housing and the lack of fluidity within the stock, due in part to the impossibility to take the evolution of tenants' incomes into account for leases contracted before 2019.

In addition to rising construction costs, access to developable land is another significant barrier to expanding the supply of social and affordable housing. Further, even if financial aid is available to municipalities to develop new social housing units, there is limited support to cover maintenance costs, leading municipalities to sell part of their stock at a discount price, rather than shoulder the costs of maintaining it. The under-provision of social housing relative to demand in both countries is also due to the unaffordability of the private rental market, which is inaccessible to many low- and middle-income households.

In Czechia, the development of affordable rental housing units and housing for vulnerable groups is supported by the “Housing for Life” initiative introduced by the Ministry of Regional Development. The initiative is meant to tackle three priority objectives:

- The Affordable Rental Housing Programme of the State Investment Support Fund (*Státní fond podpory investic* – SFPI) launched in July 2024, which has served as a basis for similar programmes introduced by the National Development Bank (*Národní Rozvojová Banka* – NRB) as discussed below.
- The introduction of support for people experiencing homelessness, or at risk of experiencing homelessness, which was defined in the Housing Support Act (*Zákon o podpoře bydlení*) approved by the Chamber of Deputies in April 2025 and expected to be enacted by mid-year 2026, following approval by the Senate. This support will come in the form of contact points for people with acute housing needs, as well as rental intermediation mechanisms (*Garantované bydlení*) to incentivise private landlords and municipalities to rent their dwellings to people with very low incomes (e.g. less than 1.43 times the subsistence level) in exchange for public guarantees and financial support.
- The development of not-for-profit or limited-profit affordable housing providers.

There is, however, no universal legal definition of social and affordable housing in Czechia that would create a compulsory legal basis for all support schemes and providers. The only legal concepts for social and affordable housing in Czechia are currently found in the eligibility conditions for financing schemes: the funds from the EU's Integrated Regional Operational Programme (IROP) can only be used to develop social rental dwellings per the programme's definition, and the State Investment Support Fund (SFPI) has introduced a definition of affordable rental dwellings since July 2024 to grant development support, which has been used in a similar scheme for larger development projects by the National Development Bank since April 2025 (see Table 1.3 and Box 2.3 for further details).

In Poland, social housing and supported housing are legally defined concepts and cover a range of housing solutions. As summarised in Box 3.3 and overall in Chapter 3, this includes, for instance, housing with more intensive integrated care support, such as training and supported housing for vulnerable groups (e.g. people transitioning out of foster care, people with disabilities or people experiencing homelessness), as well as municipal housing for low-income and vulnerable households with less intensive support needs. These housing solutions are mainly provided by municipalities, while NGOs, social enterprises, social cooperatives provide social support services through supported housing programmes. Municipal housing



units are mostly low-quality panel blocks and/or older buildings constructed before 1945, which are costly to maintain and renovate. Maximum eligibility thresholds in terms of income vary from one municipality to the other but are very low overall. In the case of the municipal housing stock, social rents are set by the local government at very low rates, which often does not allow municipalities to cover the maintenance costs. When social housing is provided by municipal companies, they can set their own rates.

The main sources of support for social and supported housing in Poland are the National Real Estate Resource (KZN), which can provide state-owned land, and the National Development Bank (BGK), which can cover up to 80% the building costs through loans and subsidies, while not-for-profit actors may cover the remaining costs (see Box 3.4). The Polish Development Fund and the BGK can grant additional support for social housing providers through soft loans. Since 2017, a budget of PLN 2.1 billion (approximately EUR 491 million) has been set by the European Investment Bank, through the European Fund for Strategic Investments, and the BGK to expand support municipal social housing, through the construction and renovation of rental units to close the financing gap.

In addition, both countries have established specific programmes to finance supported housing for vulnerable groups. For instance, Czechia's Housing First Programme and the Poland's Overcome Homelessness programme dedicate national funds to support municipalities and NGOs developing housing units for people experiencing homelessness – these funds have however remained very limited in Czechia and have only been available for a few pilot cities. Similarly, both countries have programmes in place to fund the retrofit or construction of housing for older people and people with disabilities, which can be obtained by municipalities, NGOs and households themselves.

**Table 1.3. Main institutions and programmes related to social, affordable and supported housing**

Czechia		Poland	
Main institutions and responsibilities	Main programmes or activities	Main institutions and responsibilities	Main programmes or activities
<i>Provision, management, maintenance and construction of social and supported housing</i>			
<b>Municipalities</b> are in charge of the construction, management and maintenance of municipal and social housing.	Reviewing applications for social and supported housing and planning the construction of new units.	<b>Municipalities</b> (sometimes together with local <b>NGOs</b> or social housing companies ) are in charge of the construction, management and maintenance of social and supported housing.	Reviewing applications for supported and training housing and planning the construction of new units.
<i>Financing affordable housing</i>			
The <b>State Investment Support Fund (SFPI)</b> provides subsidized loans and grants to municipalities and not-for-profit organisations for the construction of affordable rental housing	The <b>Affordable Rental Housing Programme of the SFPI</b> , introduced in 2024, provides grants (covering 25-40% of total costs, depending on quality criteria) and subsidized 20-to-30-year loans to cover up to 90% of the total investment costs to build affordable rental dwellings (cost-based rent or up to 90 % of the market rental). The programme targets investments of EUR 10 million and less and is funded through the EU Recovery and Resilience Facility. (see also section 2.1.1 in Chapter 2).	The publicly-owned <b>National Real Estate Resource (KZN)</b> manages real estate/properties included in its reserve.	Creating <b>Social Housing Initiatives (SIM)</b> and supporting <b>Social Housing Associations (TBS)</b> together with municipalities to develop of new dwellings with moderate rents.

The <b>National Development Bank</b> (NRB) provides subsidized loans for the construction of affordable rental housing.	The <b>Affordable Rental Housing Programme of the NRB</b> , introduced in April 2025, provides junior subsidized loans for up to 80% of eligible investment costs for the construction of affordable rental dwellings (cost-based rent or up to 90 % of the market rental). The remaining investment costs need to be financed with private equity (minimum 10% of investment costs) and a commercial loan (minimum 10% of investment costs). The programme targets investments above EUR 10 million and is funded through the EU Recovery and Resilience Facility. The NRB is also setting up a EUR 80M fund cofinanced by the NRB (EUR 40M) and private investors to purchase dwellings on the market to be rented out at an affordable rent. The fund is expected to be operational in 2026.	The <b>National Development Bank</b> (BGK) and the <b>Subsidies Fund</b> (financed from the state budget within the scope of the Ministry of Technology Development) finance the construction of social housing units.	Through the <b>Social Rental Housing Support Programme (SBC)</b> , the National Development Bank (BGK) grants loans to social housing associations, housing co-operatives and municipal companies to support the development of new dwellings with moderate rents for households with average income but not able to access property or rent on the private markets, with the Subsidies Fund covering the BGK's loss due to their preferential interest rate. The BGK also provides non-repayable support from the Subsidies Fund for municipal social housing for low-income households through the <b>Social and Municipal Housing Support Programme (BSK)</b> .
<b>Ministry of Regional Development</b> , acting as the IROP Managing Authority.	Funds are available from the EU's <b>Integrated Regional Operational Programme (IROP)</b> to develop social housing.		
<i>Financing supported housing and housing solutions for vulnerable groups</i>			
The <b>Ministry of Labour and Social Affairs</b> defines the social policy, guidelines for social work (preventing and addressing homelessness), social services (shelters, emergency housing, etc.) and social benefits for housing (housing allowances, emergency assistance, etc.).	The <b>Housing First programme</b> allocates EU Structural Funds to the construction of new housing units for homeless people by subsidizing local Housing First Initiatives since 2019. Since 2021, the Employment + ( <b>OPZ+</b> ) package has been implemented to distribute ESF+ funds, including through programmes to fight social exclusion and provide solutions to refugees from Ukraine.	The <b>Ministry of Family, Labour and Social Policy</b> defines the framework for social policies, as well as supported and training housing in the context of their deinstitutionalisation strategy, and partially fund municipal housing construction through subsidies.	The Programme to <b>Overcome Homelessness</b> (" <i>Pokonać Bezdomność</i> ") offers financial support to NGOs and municipalities operating supported housing solutions to people experiencing homelessness. This initiative is complementary to the statutory obligations of municipal governments in the field of counteracting homelessness, as well as it is supporting the activities of non-governmental entities operating in the field of social assistance.
The <b>Ministry of Regional Development</b> provides subsidies from the state budget to support the construction of supported housing.	The <b>Apartment Building without Barriers Programme</b> provides subsidies to municipalities to retrofit housing for elderly people (over 60 years old) and develop supported community spaces.	The <b>State Fund for the Rehabilitation of the Disabled</b> (PFRON) provides financial support to people with disabilities, using employer contributions and state budget.	The <b>Solidarity Fund</b> and the <b>For Life</b> (" <i>Za życiem</i> ") Programme provide funds to adapt the dwellings of people with disabilities, and more generally finance supported housing. PFRON can provide financial means to people with disabilities to help them remove architectural barriers (inside or outside of their dwellings), or move to a more suitable dwelling.

Note: The list of policies is not exhaustive and may exclude local initiatives and punctual interventions.

Source: Government of Czechia, Government of the Republic of Poland.

### 1.2.3. Land use policy and regulation

Both Czechia and Poland rely on all levels of government to oversee spatial planning and land use (Table 1.4). Coordination at the national level between land-use and related policies (e.g. agriculture, infrastructure, environment) is ensured by the Ministry of Regional Development in Czechia and the Ministry of Economic Development and Technology in Poland. These ministries have a similar role in establishing the national framework on spatial planning, while regional governments establish more specific regulations. The Building Act No. 283/2021 is the main regulation for land use in Czechia, defining the spatial planning system and replacing the 2006 Act. It defines the Spatial Development Policy on the state level and the Development Principles on the regional level, both being binding for the local land use plans (see Chapter 2 for more details on the local plans). Environmental issues have been included in spatial planning since the 1990s (Act 17/1992, Act 114/1992, Act 254/2001 and Act 201/2012), which was reinforced by environmental assessment regulations in 2001. In Poland, the Spatial Planning and Development Act is the main national regulatory text, first established in 1994 and significantly revised in 2003. It establishes the roles of the supra-national levels of government and covering areas that are not under local plans, which still account for large parts of some urban areas since all local plans created before 1995 were invalidated by the 2003 reform.

Under the national framework, Development Principles are procured by regional spatial planning authorities (and approved by Regional Councils) in Czechia, which also deliver building permits for projects affecting several municipalities. Regional governments (heads of *voivodeships* and *powiats*) play a smaller regulatory role in Poland: they are responsible for *Regional spatial plans*, which have limited regulatory power, and may issue planning permissions in special cases (e.g. multi-municipality infrastructure projects). In both countries, most building permits are issued by municipalities. They establish local plans for land-use and development, which are legally binding, and hold the main administrative functions.

**Table 1.4. Main institutions and regulations related to the governance of land use**

Czechia		Poland	
Main institutions	Main activities	Main institutions	Main activities
<b>Ministry of Regional Development</b>	Defining the legislative framework for the planning and zoning system through revisions of the Building Act and supervising the other levels of government. Procuring the state-wide <i>Spatial Development Policy</i> (updated every four years).	<b>Ministry of Economic Development and Technology</b>	Establishing the <b>Spatial Planning and Development Act</b> and the <b>National Planning Policy</b> (updated every four years) defining concepts and guidelines for land development, and ensures coordination with linked policies (infrastructure, environment, agriculture, waste management).
<b>Regional authorities (within the delegated powers of the state)</b>	Procuring the <b>Development Principles</b> . These plans have to be approved and issued by regional councils. Issuing special <i>Planning permissions</i> to projects with supra-local importance.	<b>Voivodeships and powiats</b>	Establishing the <b>Regional Spatial Plans</b> .

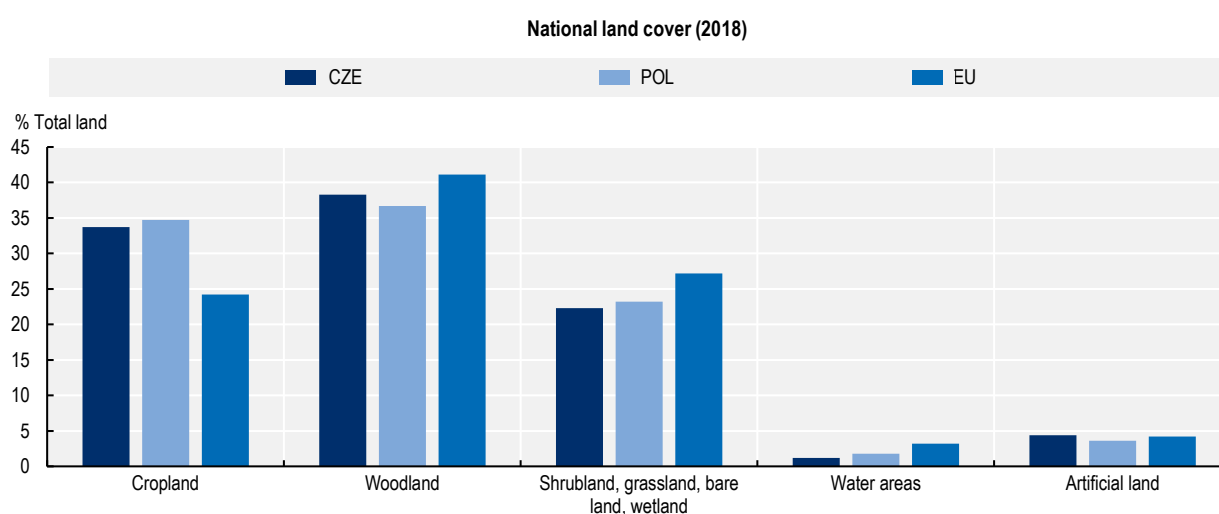
<b>Municipalities with extended powers</b> , meaning municipalities with <b>Building Offices</b> (those without are assigned to municipalities with extended power).	Establishing the <b>Local Territorial Plans</b> ( <i>Územní plan</i> ), <b>Regulatory Plans</b> ( <i>Regulační Plan</i> ) and <b>Planning Studies</b> for their area, which have to be approved by the affected municipality (except planning studies).	<b>Gminas</b> (excluding large cities)	Establishing the <b>Local Spatial Development Plans</b> , which are the only legally binding zoning plans, and executing <b>spatial studies</b> to provide non-binding development concepts – the latter are set to be replaced by legally binding <b>General Plans</b> by upcoming regulations.
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Note: Czechia has three defined levels of government: the national government, 14 regions (*kraje*) and 6258 municipalities (*obce*). Poland has four defined levels of government: the national government, the 16 *voivodeships* acting as regional governments, 314 counties (*powiats*) and 66 cities with *powiat* status acting as intermediate government and 2477 municipalities (*gminas*), which are local governments. The list of policies is not exhaustive and may exclude local initiatives and punctual interventions.

Source: OECD (2017<sup>[35]</sup>), OECD (2017<sup>[36]</sup>).

Both countries currently have similar land cover repartitions at the national level, with a relatively small share of artificial areas, consistent with the EU as a whole (Figure 1.18). Croplands represent over a third of available land in both countries (compared to 24% of landcover in the EU and 11% in the OECD). This also correlates to relatively higher population densities, reaching 136.1 and 122.9 people per square kilometre in 2022 in Czechia and Poland respectively, while the EU and OECD average stood at 109 and 39 people per square kilometre (Eurostat (2023<sup>[37]</sup>), World Bank (2023<sup>[38]</sup>).

**Figure 1.18. Croplands are more predominant in Czechia and Poland than in the rest of the EU**



Source: Eurostat Land Use / Cover Area Frame (LUCAS) survey.

#### 1.2.4. Energy efficiency policies

The national building codes establish baseline requirements in terms of energy use, but ministries in charge environmental issues oversee specific programmes related to energy efficiency. These ministries define the long- and short-term objectives in line with the EU targets, and structure support programmes (Table 1.5). These programmes can take different forms, from direct subsidies for energy retrofits and boiler replacements to soft loans and tax incentives.

In Poland, the 2018 Clean Air Act was set to allocate over EUR 22.7 billion to finance the renovation of single-family houses, in the form of loans and grants distributed to owner-occupiers (ECSO, 2021<sup>[39]</sup>).

Renovations of multi-family housing units were supported through the TERMO programme, and these efforts are further supported by the 2021 Recovery and Resilience Plan (RRP), with a provisional budget of EUR 3.2 billion towards energy retrofits and the replacement of heaters in over 860 000 dwellings, and EUR 755 million directed towards the development of green residential housing by 2026.

Czech households can also obtain financial support to renovate, for instance through the Boiler Replacement Scheme and the Energy Saving Programme which provide similar grants and loans (ECSSO, 2021<sup>[40]</sup>). Housing cooperatives have, for instance, renovated or reconstructed 80% of the prefabricated panel blocks in Czechia through the PANEL programme, which is set to allocate further funds to support residential renovations until 2030.

**Table 1.5. Main institutions and programmes related to energy efficiency and dwelling retrofits**

Czechia		Poland	
Main institutions and responsibilities	Main programmes or activities	Main institutions and responsibilities	Main programmes or activities
<i>Regulatory framework</i>			
The <b>Ministry of the Environment</b> is in charge of the main laws regulating the impact of construction and buildings on the environment.	The main regulatory texts are the <b>Environmental Impact Assessment Act</b> , the <b>Integrated Pollution Prevention Act</b> , the <b>Air Protection Act</b> and the <b>Waste Act</b> .	The <b>Ministry of Environment</b> establishes the general framework regulating the impact of construction and buildings on the environment.	The <b>Environmental law</b> sets standards regarding buildings' impact on their surroundings and the environment, along with the <b>Water Act</b> and the <b>Waste Act</b> .
<i>Financing energy retrofits of public and private dwellings</i>			
The <b>State Environmental Fund</b> contributes to environmental investment using EU funds, state budget and contributions from polluting sectors.	The <b>Green Savings Programme</b> covers up to 50% of the costs of a renovation, and up to 60% with an additional boiler subsidy for low-income households. Other specific subventions exist, to install rooftop solar panel for instance.	The <b>Ministry of Climate and Environment</b> and the <b>National Fund for Environmental Protection and Water Management</b> allocate subsidies to households for energy retrofits, using state budget and EU funds.	The <b>Clean Air Act</b> and the <b>TERMO programme</b> provide grants and loans for households replacing their heating system.
The <b>Ministry of Regional Development</b> and the <b>State Investment Support Fund</b> ("Státní fond podpory investic") allocate resources to insulate multi-unit buildings.	The <b>PANEL+ Programme</b> finances the retrofit of dwellings with a low energy-efficiency score, including municipal units and housing cooperatives' buildings, through subsidies and bank guarantees.		The <b>Warm Housing Programme</b> ("Ciepłe Mieszkanie") covers up to 30% of the retrofit costs for municipal housing and private owners.
The <b>Ministry of Environment</b> and the <b>State Environment Fund</b> provide aid to purchase and renovate existing housing.	The <b>Repair Grandma's house Programme</b> provides a subsidy to buy old houses in need of deep renovations and the access to low-interest loans.	<b>BGK's Thermo-modernization and Renovation Fund</b> (financed by state budgets) provides support to energy retrofit projects in the form of subsidies through several programmes depending on the beneficiaries.	The <b>Thermo-modernization bonus</b> covers up to 31% of loans used to fund energy retrofits, the <b>renovation bonus</b> covers 15% and only for owner-occupiers, and the <b>compensation bonus</b> supports owners that have suffered financially from the 1994-2005 rent regulations and are undertaking a renovation project. Since 2020, the <b>municipal bonus</b> covers 50-60% of the cost of energy retrofits for municipal dwellings (up to 80-90% with the use of RRF funds).

Note: The list of policies is not exhaustive and may exclude local initiatives and punctual interventions.

Source: Government of Czechia, Government of the Republic of Poland.

Supporting energy retrofits not only helps increasing the energy efficiency of the residential sector and minimising its environmental impact but also contributes to improving the comfort of residents and lowering their cost burden. Energy poverty has become a particularly salient issue in Europe due to the ongoing energy crisis, especially for low-income households: according to Eurostat, 9.3% of EU households were unable to keep their dwellings adequately warm in 2022, against 8% in 2020, despite a decrease in 2021 and the implementation of national measures to support households' energy expenses. In Czechia, emergency measures included a price cap on gas, tax breaks on energy and financial support for households' energy bills. The Polish government's Solidarity Shield established a similar set of measures, with caps on energy prices and their increase, and financial support for households, targeting the most vulnerable in priority (e.g. low-income, gas-based heating systems, etc.). The total cost of measures targeting households specifically accounted for 0.26% of GDP in Czechia and reached 3.69% in Poland. These costs could have been mitigated by a more energy efficient housing stock, which can be achieved by upscaling the number of renovations. There would be room to further improve and scale up energy efficiency. For instance, Czechia and Poland have achieved lower rates of residential energy savings than the rest of the EU since 2000 (ODYSEE-MURE, November 2023<sup>[41]</sup>), reporting 19.8% and 20.8% savings against 29.7% in the EU as a whole.<sup>6</sup>

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<sup>6</sup> Energy savings are measured by the energy efficiency index, which is the ratio between households' actual energy consumption in a given year and their theoretical energy consumption if there had been no change in energy efficiency relative to a reference year – here the year 2000. This theoretical consumption is derived as a weighted average of eleven end-uses (e.g. heating, washing machine, TV, etc.). For instance, 20% savings mean that households use on average 20% less energy now than in the year 2000 for the same end-uses.



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## Annex 1.A. Description of the data used to estimate housing supply elasticities

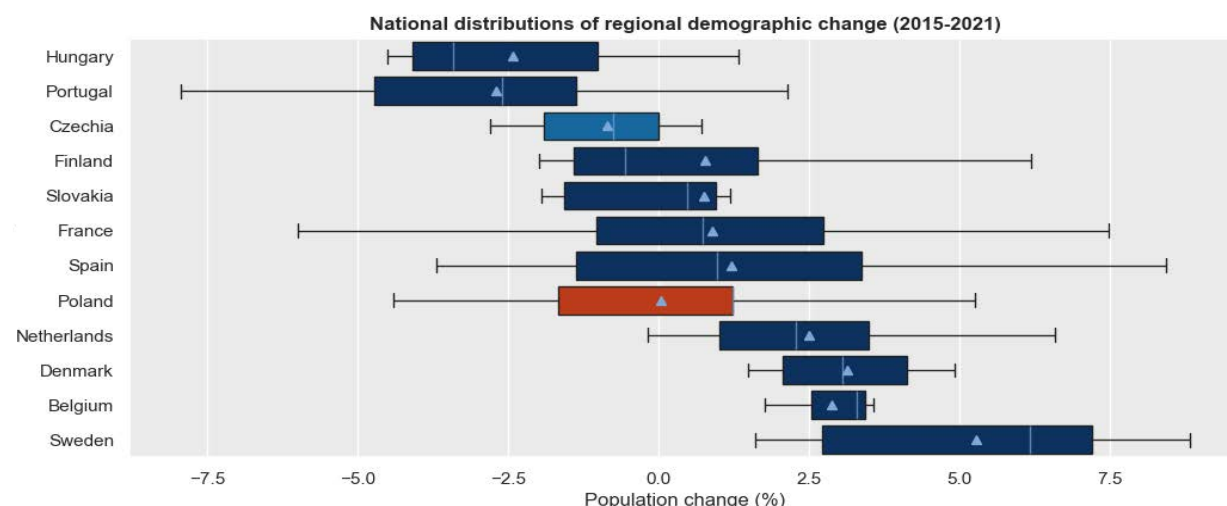
Annex Table 1.A.1 below lists the data sources for housing prices used to estimate the elasticities displayed in Table 1.1. The regions used follow the European NUTS nomenclature. It should be noted that the methodology and original source used to compute real housing prices varies across countries, from transaction data (e.g. France) to surveys (e.g. Spain) or observed listing prices (e.g. Poland). The mean price can be computed as a simple arithmetic mean in some countries, while others use more sophisticated methods like hedonic price estimations. The information on building permits and instruments was retrieved from each country's national statistical office's website.

**Annex Table 1.A.1. Data sources for regional housing prices**

Country	Source
Poland	Statistics Poland (GUS)
Czechia	Czech Statistical Office (CSU)
Slovakia	National Bank of Slovakia
France	Directorate General of Public Finances (DG FiP)
Estonia, Hungary, Netherlands, Sweden, Denmark, Spain	European Central Bank (ECB)
Portugal	Statistics Portugal
Finland	Statfin
Belgium	Statbel

In order to estimate the elasticities, a number of controls were added to the database. Contrary to (Bétin and Ziemann (2019<sup>[16]</sup>), housing demand was proxied by building permits rather than demographic evolution, since the evolution of population does not seem to follow the same trend as housing prices. In particular, the countries which have experienced the largest housing price increase (e.g. Hungary, Czechia) from 2015 to 2021 seem to have seen their population decline (Annex Figure 1.A.1). The proxy used for construction costs is also different from their work, as they used the OECD's residential investment deflator while the estimations presented in this chapter rely on the construction cost index built by Eurostat. the proxy used here covers the entire sector of construction (including non-residential buildings and infrastructure) and takes into account material costs, energy costs and labour costs. Construction costs appear to have substantially increase since 2015, and particularly countries that have seen high inflation in housing prices (Annex Figure 1.A.2).

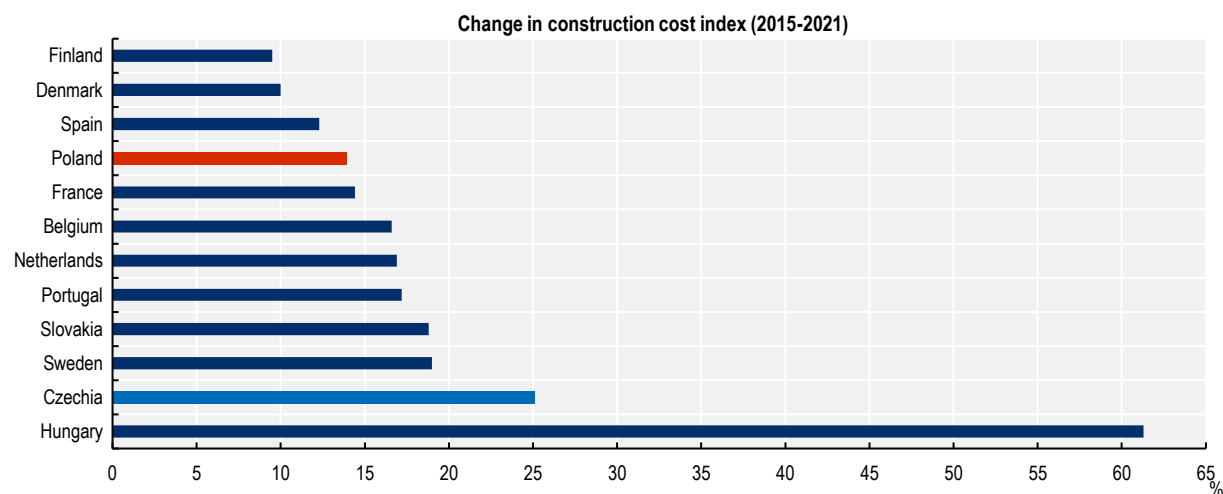
**Annex Figure 1.A.1. Eastern and Central European countries have experienced a demographic decline in most regions**



Note: The light blue lines indicates the medians, the triangles indicate the means and the boxes measure the interquartile range (Q3-Q1). Outliers are not displayed. Real prices were derived from observed prices using the OECD housing price deflator.

Sources: Authors' computations using data from the Czech Statistical Office (CZSO), Statistics Poland (Gus), the National Bank of Slovakia, the French Public Finances Directorate General (DGFiP), Statistics Portugal, Statfin, Statbel, the European Central Bank and the OECD Analytical house price indicators.

**Annex Figure 1.A.2. Construction costs have significantly increased in Central European countries**

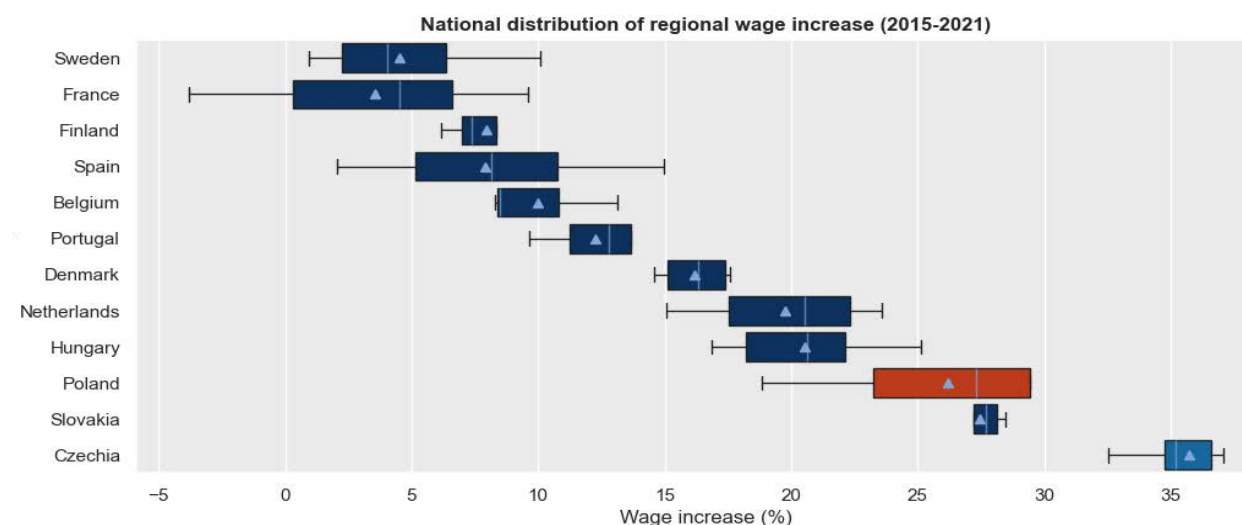


Source: Construction Cost Index computed by Eurostat.

In addition to construction costs, the estimates presented in this chapter control for the change in wages, which may have inflated housing prices. Again, there seems to be a correlation between the evolution of housing prices and wage growth, with Central European countries experiencing the largest evolution from 2015 to 2021 (Annex Figure 1.A.3).



**Annex Figure 1.A.3. Wages have particularly increased in Central Eastern European countries**

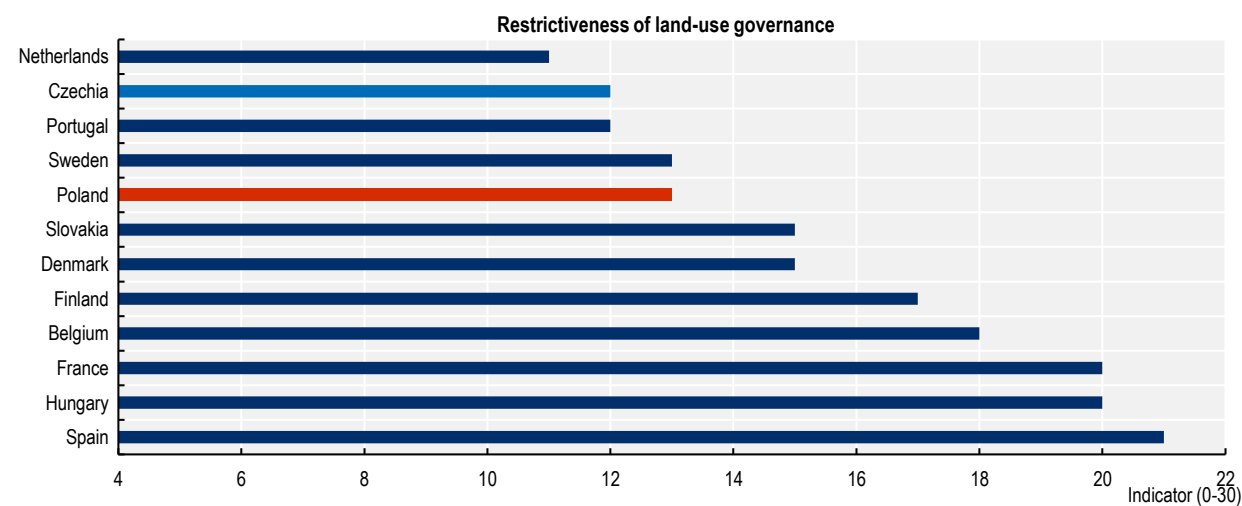


Note: The light blue lines indicate the medians, the triangles indicate the means and the boxes measure the interquartile range (Q3-Q1). Outliers are not displayed. Real prices were derived from observed prices using the OECD housing price deflator.

Sources: Authors' computations using data from the Czech Statistical Office (CZSO), Statistics Poland (Gus), the National Bank of Slovakia, the French Public Finances Directorate General (DGFiP), Statistics Portugal, Statfin, Statbel, the European Central Bank and the OECD Analytical house price indicators.

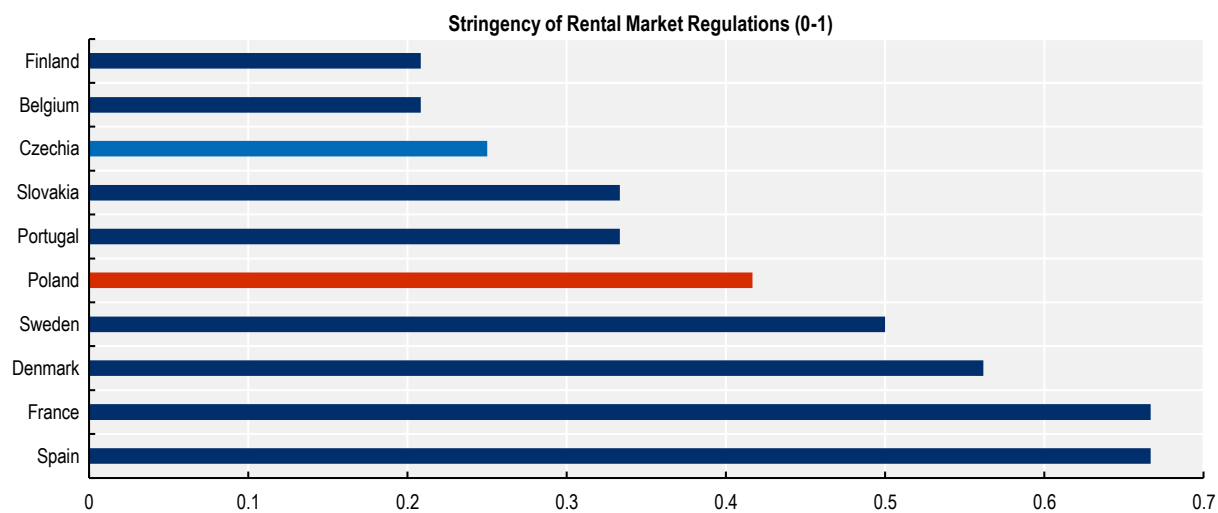
Finally, housing supply elasticities were estimated controlling for policy differences across countries, using the same proxies as Béтин and Ziemann (2019<sup>[16]</sup>): land-use governance (Annex Figure 1.A.4) and the rental market restrictiveness index (Annex Figure 1.A.5).

**Annex Figure 1.A.4. Land-use governance is rather restrictive in the EU**



Source: Cavalleri, Cournède and Özsögüt (2019<sup>[15]</sup>).

**Annex Figure 1.A.5. There is a lot of variation in the stringency of rental market regulations across the EU**



Source: ReMain Database.

## **2 Strengthening policies and institutions to increase housing affordability and investment in Czechia**

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Housing affordability is a particularly acute issue in Czechia, where real house prices have increased faster than households' real disposable income since 2010, especially in large cities. This chapter assesses policy challenges and draws on international practices to provide actionable recommendations to improve housing affordability and increase investment. The chapter recommends refining the national framework and operational mechanisms for affordable and social housing provision and establishing not-for-profit affordable housing providers. It also recommends a more efficient spatial planning governance and a more extensive use of land-based finance tools to support the development of affordable housing. Finally, Czechia's area-based housing taxation system can be reformed to secure funding for affordable housing development, improve equity, and disincentivise dwelling vacancies.

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As discussed in chapter 1, housing affordability has become a pressing issue in Czechia, where house prices and rents have increased faster than households' disposable incomes since 2010, especially in large cities. On the supply side, investment in housing as a share of GDP declined sharply after the 2008 global financial crisis, recovering only after 2013 but remaining low compared to the EU average. Following the decrease in interest rates from the early 2000s to 2008, demand for housing investment increased but has been mitigated by rising house prices. Despite this low level of investment, prices have however continued to rise, driven by an increase in real wages, inflation in real construction costs, restrictive land-use policies and low housing-related taxes which have further fuelled demand. The provision of social housing is limited (3.6% of all dwellings compared to 8% in the EU (OECD, 2024<sup>[1]</sup>), which further limits housing affordability for low-income and vulnerable households. As a consequence, Czech households face a higher housing cost burden compared to the average EU household, spending approximately 22.1% of their disposable income on housing costs in 2023 (compared to approximately 19.7% in the EU).

The Czech Housing *Strategy 2021+* identified tools to increase housing affordability, including through the development of not-for-profit housing providers, programmes to boost investment in affordable housing, and reform opportunities to leverage spatial planning to facilitate affordable housing development. While this strategy is the first attempt to provide a comprehensive response to the housing affordability challenge, its implementation has been slow and could more strategically target some of the key housing bottlenecks.

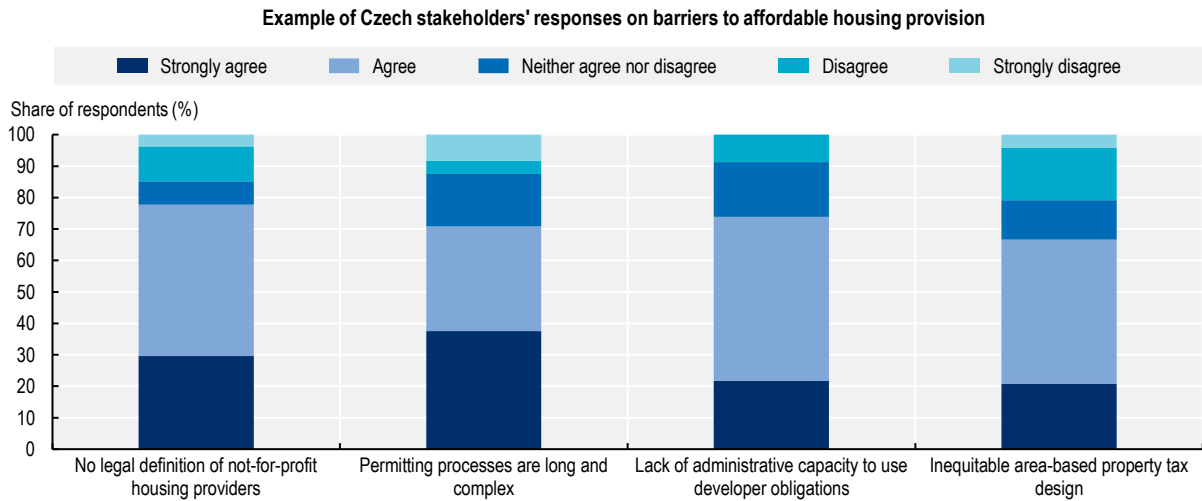
The *OECD Stakeholder Survey: Affordable Housing in Czechia* that was circulated to Czech housing experts and municipalities' representatives for this project (Box 2.1) identified the rigidity of spatial planning and the inefficient and unequitable property tax system as key barriers for investing and developing in affordable housing. The limited use of land-based finance tools was also identified as a missed opportunity to support the development of affordable housing. Further, there is no legal framework nor financial support scheme to support the creation and operations of not-for-profit housing providers, which could play a role in the development of affordable housing, as is the case in other OECD countries (Figure 2.1).

### Box 2.1. Assessing views on housing affordability through the Stakeholder Survey: Affordable Housing in Czechia

The *OECD Stakeholder Survey: Affordable Housing in Czechia* was circulated to government representatives (including national and municipal governments) and researchers in Czechia. Stakeholders working in Prague represented half of the sample. The survey included questions related to the overall housing policy priorities, the role of not-for-profit housing actors, the use of land and spatial planning, land-based finance and housing taxation.

See Annex A for more details on the survey's methodology and respondents.

**Figure 2.1. Stakeholders' views on key barriers to the development of affordable housing in Czechia**



Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia.

This chapter proposes a set of recommendations for consideration by the Czech authorities along three pillars:

- Refining the framework and operational mechanisms for affordable and social housing provision.
- Unlocking the development of affordable housing through more effective spatial planning governance and land regulation.
- Creating incentives to limit dwelling vacancies in high-demand areas and secure funding for affordable housing development through housing tax reform.

## 2.1. Refining the framework and operational mechanisms for affordable and social housing provision

OECD countries have developed a wide range of eligibility criteria and approaches for the provision of social and affordable housing. Some countries provide state-owned housing units (e.g. public housing in Australia, public housing in Austria, social housing in Ireland, social houses and apartments in Latvia) to subsidies to private providers (e.g. subsidised housing in Austria, moderate-rent private housing in France, social housing assistance in Germany). Some countries have several systems in place, relying on both public and private housing, to accommodate a variety of situations. There is also a variety of eligibility conditions and rent-setting systems, as rents can be established by national or local authorities, depend on residents' incomes, or depend on current market conditions (e.g. a share of the local median rent). Moreover, the definition of social and affordable housing can sometimes overlap (Box 2.1). This section examines first the definition of affordable and social housing and then discusses the type of actors that provide affordable and social housing to identify policy actions for Czechia.

### Box 2.2. A variety of policy responses to provide social and affordable housing in the OECD

In a context of increasing housing prices, the need to ensure that households can access decent and affordable housing has become even more urgent. The OECD (2020<sup>[2]</sup>) defines:

- Social housing as “residential rental accommodation provided at sub-market prices that is targeted and allocated according to specific rules, such as identified need or waiting lists”;
- Affordable housing as “rental and owner-occupied dwellings that are made more affordable to households through a broad range of supply- and demand-side support”.

Social housing tends to be provided by the state or local government (municipal or regional authorities) and target low-income groups, while affordable housing units are provided by a broader range of actors and can target higher-income households. Not-for-profit and limited-profit organisations, such as housing cooperatives, social landlords and housing associations, are important providers of affordable housing in OECD countries.

In practice in most cases, households have to go through an application process to obtain a social housing unit and meet eligibility criteria, which typically include income thresholds, and can additionally also account for vulnerability factors to prioritise specific groups, for instance, elderly people, people subjected to an eviction procedure, people in substandard dwellings, families or people with disabilities. By contrast, affordable housing units are not necessarily allocated through an application process. Affordable housing *policies* usually focus on financing the development of new affordable housing units but can take a variety of forms: soft loans, subsidies to individual households or developers, land provision, investment funds, etc. Eligibility conditions based on incomes are often included, but not always.

Source: OECD Affordable Housing database.

### **2.1.1. There is currently no universal framework guiding the provision of affordable and social housing**

*The legal definition of affordable and social housing is only found in ad-hoc support programmes*

The Czech rental market is relatively developed, with 22% of households living in a rented dwelling in 2021. However, affordable housing options on the rental market are limited, as social (subsidised) rental housing accounted for only 3.6% of the dwelling stock in 2021. There are ongoing efforts to create a framework for affordable housing provision in Czechia. Since 2014, Czechia has provided subsidies to develop social rental dwellings (*sociální bydlení*) financed by the European Regional Development Fund (ERDF). Social dwellings build under this programme target households with acute housing needs (e.g. homeless people, households living in substandard or overcrowded dwellings, etc.) or at risk of developing acute housing needs. Rents cannot exceed 50% of market rents (Box 2.3).

More recently, the Ministry of Regional Development of the Czech Republic (*Ministerstvo pro místní rozvoj České republiky* – MMR) introduced an Amendment of the State Investment Support Fund (*Novela z. o Státním fondu podpory investic* - SFPI), which was adopted by the Parliament on 8 March 2024 (Act No. 126/2024 Coll.). The Amendment introduced the first operational definition of affordable rental housing in Czechia, introducing provisions on affordable rental housing, namely establishing affordable rent levels and target groups, and on rental contracts for affordable rental housing (Box 2.3). While these provisions only apply to affordable housing project supported by the SFPI; they have been used also by the National Development Bank (*Národní rozvojová banka* - NRB) in its Affordable Rental Housing Programme (*Dostupné nájemní bydlení*), which supports the development of affordable rental housing projects with a cost larger than EUR 10 million.



The main beneficiaries of these support schemes are municipalities. While these three support schemes did not introduce a general definition of social nor affordable housing in Czechia, meaning a legal framework which would *have to* be used by *all* financing institutions, they currently constitute the only legislative framework defining the eligibility conditions for social and affordable rental housing. Further, as the SFPI definition of dwellings with an affordable rent was approved under the EU state aid rule, it is the only operational definition that public financing institutions can currently use.

### Box 2.3. Overview of affordable and social rental housing programmes in Czechia

Although there is no universal definition of social nor affordable dwellings in Czechia, there are operational definitions linked to specific funding programmes: subsidy schemes delivered using the European Union's Integrated Regional Operational Programme (IROP) and the State Investment Support Fund's (*Státní fond podpory investic* – SFPI) affordable housing scheme. Eligible organisations for the IROP and SFPI schemes are allowed to combine these support schemes at the project level but have to specify which units will be built using each type of funding as the two schemes target different households.

#### Support for social housing development from the EU's Integrated Regional Operational Programme

Czechia has implemented state subsidy schemes for social housing construction since 2014 using funds from the European Union's Integrated Regional Operational Programme (IROP). The IROP funds are delivered to develop social rental dwellings (*sociální bydlení*), defined by the programme as housing targeting households with acute housing needs (e.g. homeless people, households living in substandard or overcrowded dwellings, etc.) or at risk of developing acute housing needs. Rents cannot be above 50% of market rents (Czech Ministry of Regional Development, 2024<sup>[3]</sup>). Social dwellings additionally have to be furnished with basic equipment (e.g. basic sanitary and kitchen equipment, connection to the water and electricity grid, etc.), be barrier-free and be located in areas with access to civil amenities (e.g. schools, health and social care, stores to purchase essential goods, public transportation).

Beneficiaries can be local authorities (e.g. municipalities, regions, etc.), churches and NGOs specialised in social housing provisions (at least 5 years of experience). The projects' financing structure relies on a mix of European Regional Development Fund (ERDF) funds (70% to 85%), subsidies from the state budget (0% to 25%) and the beneficiary's own resources (0% to 30%). The relative weight of each source of funding depends on the type of beneficiary, and on whether the project is located in less developed regions, transition territories, or recognised economically and socially disadvantaged areas. Eligible expenses include direct costs (e.g. land acquisition, construction costs, etc.) and indirect costs (e.g. application-related costs, administrative capacity, etc.).

The first IROP subsidy scheme was implemented from 2014 to 2020 and led to the development of 1 956 social dwellings, either through construction or acquisition and renovation. The programme delivered a total of CZK 2 473 099 107 (approximately EUR 98 million) in subsidies, which accounted for 62% of the programme's initial budget of CZK 4 billion (approximately EUR 160 million). A second IROP scheme has been implemented since 2021 and will run until 2027, with a total budget of CZK 3.44 billion (approximately EUR 137.6 million) and aiming to support the development of 1 200 social flats. As of December 2024, 24 social dwellings had been completed through the scheme, for a total subsidy of CZK 84 million (approximately EUR 3.4 million), amounting to approximately 2.4% of the allocated funds.

Source: Czech Ministry of Regional Development (2024<sup>[3]</sup>).

### Support for affordable rental housing development by the State Investment Support Fund

The 2024 Amendment of the State Investment Support Fund (*Novela z. o Státním fondu podpory investic* – Act No. 126/2024 Coll) introduced key legal definitions related to the provision of affordable housing in Czechia:

- “Affordable rent” (*Dostupné nájemné*): a rent set below 90% of the market rent for similar dwellings in terms of size and location. In the specific case of affordable rental housing provided by the state (e.g. central government, state agencies, regions, municipalities or their legal entities), the rent has to be cost-based during the first year of operation, meaning based on the costs of building or from acquiring the dwelling, and can reach 100% of the market rent. Affordable rents can be increased once every 12 months based on inflation, measured by the average consumer price index (*Index spotřebitelských cen*) produced by the Czech Statistical Office. The increase in affordable rent cannot exceed 4% over 12 months, even if the rent was not increased in previous years.
- “Affordable rental housing” (*Dostupné nájemní bydlení*): housing units rented at an affordable rent.

The rent-setting mechanisms and the definition of target groups for affordable rental housing are the responsibility of the Ministry of Regional Development of the Czech Republic (*Ministerstvo pro místní rozvoj České republiky* – MMR). Eligibility conditions for affordable rental dwellings are based on households’ income, assets, location and vulnerability:

- Household members do not own or co-own housing properties nor cooperative shares with the rights to an apartment. This condition is lifted for households with a member working in an essential field (e.g. healthcare, education, public safety and rescue, social services) and who does not currently reside in the region in which the affordable dwelling is located.
- The household’s net income is below the 8<sup>th</sup> income decile of all households, or below the 9<sup>th</sup> income decile of all household if all household members are younger than 35 years old.
- The household has a member living with a person who has committed a violent crime against his/her own family member (e.g. mistreatment of a trusted person, mistreatment of a person living in a common dwelling, dangerous threats or dangerous persecution).

The Act also defines the nature of lease agreements for affordable rental housing (*Nájemní smlouva pro dostupné nájemní bydlení*). Leases have a renewable 1- to 2-year fixed term, or longer for some vulnerable groups. People applying for housing to move out of a dwelling where they live with a person who has committed a crime related to person endangerment can obtain a 3-year lease. Households whose members are all older than 70 years can obtain indefinite leases. The SFPI finances projects with a cost up to EUR 10 million.

Source: Parliament of the Czech Republic, Act No. 126/2024 Coll., PART I, Sections 11a to 11e.

### Support for affordable rental housing development by the National Development Bank

The National Development Bank (*Národní Rozvojová Banka* – NRB) has implemented its Affordable Rental Housing (*Dostupné nájemní bydlení*) Programme since April 2025. The definition of affordable rental housing is the same as the one introduced by the SFPI (described above).

The goal of the programme is to support large development projects of affordable rental dwellings (i.e. with a cost higher than EUR 10 million), and to leverage private capital to cofinance these projects, in order to provide developing actors incentives to own, manage and rent completed apartments for at least 20 years instead of selling them.

The programme was allocated a budget of CZK 2.25 billion (approximately EUR 90 252 000) to provide long-term subordinated loans to affordable rental housing development projects borne by local governments (municipalities, cities and state institutions), development companies and institutional investors. The loan amount can cover up to 80% of the investment costs up to CZK 1.2 billion (approximately EUR 48 148 800). A minimum of 10% of the cost must be covered by the beneficiary's own equity and another 10% through a commercial loan. The loans have a fixed interest rate between 1% and 2% per annum, a maturity of up to 25 years, and a disbursement period of up to 48 months.

Source: Czech National Development Bank (2025<sup>[4]</sup>).

Additionally, the Czech Chamber of Deputies adopted the Housing Support Act (*Zákon o podpoře bydlení*) in April 2025, which aims to provide housing support to people experiencing homelessness or at risk of homelessness. This support is described in the law through two mechanisms: the introduction of 115 contact points throughout the territory, giving priority to areas with high numbers of people in housing distress, and the implementation of “guaranteed housing” (*garantované bydlení*), which is a rental intermediation mechanism to incentivise private landlords and municipalities to rent their dwellings to very-low income households (i.e. below 1.43 times the subsistence level) in exchange for public guarantees and support. If approved by the Senate, the Act could be enacted in 2026.

### *Other OECD and EU countries have consolidated the legal definition of social and affordable housing*

In addition to only applying to projects funded through specific channels, the SFPI's legal definition of affordable rental housing is relatively broad when compared to other OECD countries. In countries like France and Belgium<sup>7</sup>, which were visited by Czech and Polish officials in the framework of this project, the legal definition of social and affordable housing establishes responsibilities for the provision and management of affordable and social housing, funding mechanisms and rules to establish social rents and eligibility criteria, such as income ceilings and priority points for vulnerable groups.

Social housing eligibility conditions in France and Belgium are established to target a range of households based on baseline income ceilings (with variations depending on vulnerability factors), with a distinction between social housing and affordable housing (Table 2.1). This more nuanced targeting, relative to the Czech approach, acknowledges that some households have greater needs and a lower capacity to pay their rent, and therefore need more support. The same building can include social and affordable dwellings, thus facilitating social mixing. In France, the law also defines the conditions under which a social and affordable housing provider may benefit from subsidies and low-interest loans to build and manage housing for these different eligible households. Income ceilings are updated annually.

By contrast, the current definition of affordable housing in Czechia does not differentiate between social and affordable housing, and does not sufficiently target low-income households, the 8<sup>th</sup> decile eligibility condition being a relatively high-income ceiling. Countries with high income ceilings, such as Austria and the Netherlands (Table 2.1), typically have a very large social dwelling stock: social rental dwellings accounted for 34.1% (2021) and 23.6% (2019) of the total stock in the Netherlands and Austria respectively, which represent the highest shares in the OECD (OECD, 2024<sup>[1]</sup>). With only 3.6% of social dwellings, a large part of the demand for affordable housing remains unmet in Czechia, and households who do not need support still meet the eligibility conditions. Stricter eligibility conditions in France and some Belgian regions for instance allocate social dwellings to people who need it the most: 50% of households

<sup>7</sup> Housing policies are a competency of the regions in Belgium.

were eligible for a social dwelling in Brussels-Capital (2020), 24% and 54% in France (2023, PLAI or PLUS dwellings respectively) and 15.7% in Flanders (2023).

Rent setting mechanisms vary depending on the target households, but always take into account the cost associated with building and maintaining the dwellings (Table 2.2). In the Belgian regions, social housing rents are adjusted based on the income of the beneficiary households and affordable housing rents are established as discounted market rents, computed from the dwelling's market value. These rents cannot however be lower than half of the “baseline rent” (*loyer de base*), which is established based on the dwelling's characteristics and value.

In France, social and affordable rents are directly linked to the borrowing costs for social housing providers (Table 2.2). Since the interest rates of construction and acquisition loans offered to social housing providers are, in part, based on the targeted beneficiaries, these rents are also indirectly linked to the income of the potential beneficiaries. There are four types of loans with the same maturity but increasing interest rates to finance the four types of social and affordable dwellings: PLAI loans have the lowest interest rates, while PLI loans have the highest.

Other countries like Austria and the Netherlands have also taken a cost-based approach to social rents, in order to ensure social housing providers have a sustainable business model (Table 2.2). In Austria, these costs include a contribution to the maintenance and improvement fund, but excludes service charges (e.g. waster collection, cleaning of building, etc.) that may vary over time in order to keep social rents below market rates. In the Netherlands, the entirety of the rental market has been subjected to rent ceilings, computed based on its surface area, energy performance and its Official Listed Value (*Waardering onroerende zaken* – WOZ; see Box 2.10 for further details) since 2024. Dwellings with the lowest score (up to 143 points) have a social rent capped at EUR 879.66, intermediary dwellings (144-186 points) are capped at EUR 1 157.95, and higher quality dwellings do not have a cap – provided they are not social dwellings, meaning dwellings owned by housing associations and built with a targeted public loan.

Table 2.1. Eligibility conditions for social and affordable housing in other OECD countries

	Austria	Belgium			France	Netherlands
		Brussels-Capital	Flanders	Wallonia		
<b>Baseline income ceiling</b>	<p>Eligibility for affordable dwellings (<i>Erschwingliche Wohnraum</i>) is based on income. Income ceilings vary by municipality, but are relatively high to encourage social mixing (roughly 80% of all households are eligible for social/affordable housing).</p> <p>In 2024, the annual net income ceiling for applicants of social housing (<i>logement social</i>) was set at EUR 57 600 for a single person in Vienna, increasing for larger households – overall 75% of households in Vienna are eligible.</p> <p>There are additional eligibility criteria depending on the region (e.g. minimum age limits, smaller flats depending on household size, Austrian citizenship or equivalent, minimum length of legal registration in the region, etc.).</p>	<p>There are three annual disposable income ceilings for a social dwelling (<i>logement social</i>): EUR 27 499.10 for one person, EUR 30 554.58 for a one-income household and EUR 34 919.57 for a household with more than one income in 2024.</p> <p>Affordable dwellings (<i>logements modérés / moyens</i>) can be provided through the same channels with higher income ceilings (100%-150% of the social dwelling ceiling for <i>logements modérés</i> / 150%-200% for <i>logements moyens</i>), depending on the households' composition and the number of people earning an income. Applicants must additionally not own another property.</p>	<p>In 2024, annual income ceilings for applicants of a social dwelling (<i>sociale woning</i>) were set at EUR 29 515 for a single person and EUR 44 270 for any households without children or dependent people (e.g. person with a severe disability).</p> <p>Affordable dwellings (<i>geconventioneerde huren</i>) can be provided through the same channels with higher income ceilings (EUR 51 990 for a single person to EUR 74 280 for larger households with no dependent people). These dwellings are owned by private landlords and rented by social landlords in exchange for the certainty of receiving monthly rents and fiscal advantages.</p> <p>Applicants' incomes are certified through a means test (<i>Middelentoets</i>), which relies on administrative data. Applicants for social and affordable dwellings must additionally legally reside in Belgium and not own another property (except for people living in a dwelling that is unsuitable or ill adapted to their disabilities, or people in an extreme situation detailed in the law).</p>	<p>Three types of social and affordable dwellings, defined by income ceilings.</p> <p>In 2024, the annual taxable income ceiling for applicants of social housing (<i>logement social</i>) was set at EUR 34 100 for a single person and EUR 42 600 for larger households.</p> <p>For affordable dwellings (<i>logement moyen</i>), the annual taxable income ceiling was set at between EUR 34 100 and EUR 42 600 for a single person, and between EUR 42 600 and EUR 85 100 for larger households.</p> <p>For equilibrium-rent dwellings (<i>logement à loyer d'équilibre</i>), the annual taxable income ceiling was EUR 69 800 for a single person, and EUR 85 100 for larger households.</p>	<p>Two types of social (<i>logement social</i>) dwellings defined by different income ceilings. Integration dwellings (<i>Prêt Locatif Aidé d'Intégration – PLAI</i>) have the lowest annual disposable income ceiling (EUR 21 818 to EUR 30 614 for a three-person household in 2024), followed by social dwellings (<i>Prêt Locatif à Usage Social</i> (PLUS), EUR 36 362 to EUR 51 025). Dwellings are not segregated by income level; the same building would have PLAI and PLUS apartments.</p> <p>Two types of affordable dwellings (<i>logement intermédiaire</i>) are available through the same channels and defined with higher annual income ceilings: middle-income dwellings (<i>Prêt Locatif Social</i> (PLS) dwellings, EUR 47 271 to EUR 66 333) and intermediary dwellings (<i>Prêt Locatif Intermédiaire</i> (PLI), EUR 50 731 to EUR 85 175).</p>	<p>Social and affordable rental dwellings (<i>sociale huurwoning</i>) are dwellings belonging to not-for-profit housing associations (<i>woningcorporatie</i>), which own 75% of all rental dwellings, rented to households earning less than the Rent Liberalisation Threshold (<i>Huurliberalisatiegrens</i>).</p> <p>As of 2024 not-for-profit housing provider had to rent a least 92.5% of their vacant housing to households with an income of up to EUR 47 699 for single-person households and EUR 52 671 for multi-person households.</p> <p>The remaining vacant social dwellings (up to 7.5% or 15% depending on the municipality's agreement with the housing association) can be rented to households with incomes higher than these thresholds, but no more than 7.5% in high-demand municipalities.</p>

				In all cases, applicants must additionally not own another property (except for people with disabilities owning a dwelling unfit to their needs).		
<b>Method and income ceiling variations</b>	Income ceilings are adjusted based on household size, and differ across regions.	Income ceilings are revised annually to reflect inflation. These ceilings are also increased depending on the household's size, by EUR 2 618.96 per child and by EUR 5 237.91 for each person over 18 years old with a disability.	Income ceilings are revised annually and take into account the household's size, increasing by EUR 2 475 per dependent person (child or person with a severe disability) for social dwellings, and by EUR 4 170 per dependent person for dwellings with an affordable rent.	Income ceilings are revised annually to reflect inflation. These ceilings are also increased depending on the household's size, by EUR 3 200 per child.	Income ceilings are adjusted every year by the central government and linked to the size of the households, the number of dependent people ( <i>personne à charge</i> ) – for instance, people with disabilities –, and the location of the dwelling. Rent ceilings are higher in high-demand areas ( <i>zones tendues</i> ), which are legally defined as areas where the private housing supply is severely lacking. Income ceilings are revised every year to take inflation into account.	The Rent Liberalisation Threshold ( <i>Huurliberalisatiegrens</i> ) is revised annually and depends on the household's size.
<b>Provisions for vulnerable groups</b>	Provisions differ across regions. In Vienna, people with “Justified housing needs” ( <i>begründeter Wohnbedarf</i> ) have priority access to very affordable housing, such as municipal flats, flats with very low rents (super promotion - <i>Superförderung</i> ) for instance. Justified housing needs cover households living in overcrowded dwellings, young people, people with special needs, people needing barrier-	Social dwellings are allocated in priority to people in exceptional circumstances, based on a demand from a one of the Region's social delegate ( <i>délégué social</i> ). Priority points are also given to vulnerable people (living in unfit dwellings, single parents, people over	The income ceiling for social dwellings is higher for single people with disabilities (EUR 31 987 in 2024). Other people with vulnerabilities (people experiencing or at risk of homelessness, minors living independently, people living in unfit dwellings, people with mental health issues, victims of domestic abuse) are given priority on the waiting list.	Applicants with vulnerabilities receive priority points: people with a degenerative disease leading to mobility losses, victims/survivors of intimate partner violence, people experiencing homelessness, single parents, people with disabilities.	Applicants with vulnerabilities are given priority on the waiting list: households suffering from poor housing or economic insecurity, victims/survivors of intimate partner violence, people with disabilities, people losing their autonomy.	Some vulnerable households can be given priority when applying for an authorization to live in a social dwelling, sometimes referred-to as an “urgent declaration” ( <i>urgentieverklaring</i> ). This includes people whose dwelling is being demolished, homeless people, people moving to social housing for medical reasons, and asylum seekers with a residence permit. Municipalities can also not refuse a housing permit to chronically ill

	free housing due to old age or being a wheelchair user, and single parents.	60 years old).				and disabled people.
<b>Main legal texts</b>	Limited Profit Housing Act ( <i>Wohnungsgemeinnützigkeitgesetz – WGG</i> )	Housing code of the Bruxelles-Capital Region ( <i>Code bruxellois du Logement</i> )	Flemish Housing Code ( <i>Vlaamse Wooncode</i> )	Sustainable Habitat Code of the Walloon Region ( <i>Code wallon de l'Habitation durable</i> ).	Housing code, Book IV on moderate-rent dwellings ( <i>Code de la construction et de l'habitat - Livre IV : Habitations à loyer modéré</i> ), Articles L411 to L482-4. For vulnerable groups, each <i>Département</i> has an Action Plan for the Housing and Accommodation of Disadvantaged People ( <i>Plan Départemental d'Action pour le Logement et l'Hébergement des Personnes Défavorisées – PDALHPD</i> )	The 2015 Housing Act ( <i>Woningwet</i> ) redefined affordable housing and outlined the responsibilities of housing associations ( <i>woningcorporaties</i> ).

Source: Study visits to Belgium and France (2024), OECD (2023<sup>[5]</sup>), Austria's Federal Ministry of Labour and Economy (*Bundesministerium Arbeit und Wirtschaft*), City of Vienna, Government of the Netherlands.



Table 2.2. Rent-setting mechanisms for social and affordable dwellings in other OECD countries

	Austria	Belgium			France	Netherlands
		Brussels-Capital	Flanders	Wallonia		
<b>Method</b>	<p>The rent for limited-profit housing association's housing is cost-based during the repayment period for the loan used to build the dwelling, with a rent cap for loans financed by public loans. After the repayment period, a basic rent is set on a permanent basis.</p> <p>The costs include a contribution to the maintenance and improvement fund, but excludes service charges (e.g. waste collection, cleaning of building, etc.) that may vary over time. The average (net) rent of a Housing Association dwelling was 23% below market rent in 2019.</p>	<p>The rent paid by tenants is computed from a baseline rent (<i>loyer de base</i>) set by the Region but depends on the household's income and size (for instance, a household with one child faces a 5% rent reduction from the baseline rent) and can vary over time if their income changes. There is a minimum rent defined per type of flat (e.g. EUR 145.26 per month for a studio apartment in 2024).</p>	<p>Social rents are set annually by the Region's regional Housing Agency (<i>Wonen in Vlaanderen</i>) based on tenants' income – in 2024, the rents were set at 22% of tenants' taxable incomes. Affordable rents are set on a case-by-case basis with a discount of at least 15% compared to market prices depending on the negotiation between the social landlord and the private person providing the dwelling. Affordable rents are capped depending in which city the dwelling is located (from EUR 915.41 per month to EUR 1 017.12 in large cities in 2024).</p>	<p>For social dwellings, the rent is computed from a baseline rent (<i>Loyer de base</i>), which is revised on 1 January of each year by the Walloon Housing Company (<i>Société Wallonne du Logement</i> – SWL) to reflect inflation. The final rent is lowered based on the household's size and income, and the dwelling type.</p> <p>The rent on affordable dwellings is cost-based taking only the dwellings' maintenance cost into account (<i>prix de revient actualisé</i>). The rent on equilibrium-rent dwellings is set based on the dwellings' market-value but cannot exceed 25% of the household's annual income. This market value is established using a rent scale (<i>Grille indicative des loyers de la Région Wallonne</i>) established by the Region's research office on housing (<i>Centre d'Etude en Habitat Durable</i> - CEHD).</p>	<p>Rent levels are defined per square meter and linked to the interest rate of the public loan used to finance the dwellings' construction: the lower the interest rate, the lower the rent level. Rents increase every January based on the rental reference index (<i>Indice de référence des loyers</i>), which reflects housing price inflation and is computed by legal area.</p>	<p>Rent ceilings for social dwellings vary depending on the quality of the dwelling. Each dwelling is attributed a number of points based on its surface area, energy performance and its Official Listed Value (<i>Waardering onroerende zaken</i> – WOZ; see Box 2.10 below for details on the calculation of the WOZ).</p> <p>In 2024, rents for new leases were capped at EUR 879.66 for social dwellings (or dwellings up to 143 points), EUR 1 157.95 for mid-range dwellings (144-186 points). Private-sector dwellings with over 187 points are can be rented at higher rates with no cap.</p>
<b>Main legal texts</b>	Limited-Profit Housing Act ( <i>Wohnungsgemeinnützigkeitsgesetz</i> – WGG),	Housing code of the Bruxelles-Capital Region ( <i>Code bruxellois du Logement</i> )	Flemish Housing Code ( <i>Vlaamse Wooncode</i> )	Sustainable Habitat Code of the Walloon Region ( <i>Code wallon de l'Habitation durable</i> ).	1977 law on "Conventionnement APL et financement des logements locatif". 2014 ALUR law.	2015 Housing Act ( <i>Woningwet</i> ); 2024 Affordable Rent Act ( <i>Huurprijzenwet</i> ) regulating rent setting, including the points-based system

Source: Study visits to Belgium and France (2024), OECD (2023<sup>[5]</sup>), Government of the Netherlands.

In Czechia, affordable rents in new affordable housing developments funded by the SFPI or the NRB are to be set based on the cost of the dwelling, and then indexed to inflation (with the rent increase capped at 4% annually). The costs included in the calculation of the cost-based rent include construction or acquisition costs, as well as operation costs (*Náklady na provoz*), meaning the cost of management, insurance, real estate taxes, maintenance and repair, and the cost of energy and water associated with the maintenance and operation of common areas.

### *Linking the legal definition to funding mechanisms in Czechia and other OECD countries*

Definitions of social and affordable housing are made operational through specific providers and managers of these dwellings (addressed in the section below) and targeted funding mechanisms. While an in-depth assessment of the financing of social and affordable housing is beyond the scope of this work, the linkages between funding and the eligibility criteria and rent-setting mechanisms for social and affordable housing should be taken into consideration in any operational definition.

In Czechia, new affordable rental dwellings can be financed by the SFPI or the NRB through subsidised loans for construction or acquisition. Focusing on SFPI support, which is funded by EUR 40 million from the National Recovery Plan, eligible costs for construction projects include those related to construction, consulting fees and brokerage, exploration work and compensation fees. For acquisitions, the SFPI compares the price disclosed in the purchase contract to the relevant market price following to the Property Valuation Act and support can cover part of this price. Applicants can apply for a loan or a loan accompanied by a subsidy. The loan can cover up to 90% of total eligible costs, with a maximum maturity of 30 years. The subsidy can cover up to 25% of the total eligible cost, with some exceptions where coverage can reach 40% (e.g. at least 10% of the dwellings will be allocated to students or to households in the 6th income decile). A 5% bonification also applies for projects with high energy efficiency, or located either in heritage areas or in priority regions (Ustecky, Moravskoslezsky and Karlovy Vary). Applicants have to provide proof of their financial stability (e.g. no recorded arrears on the date of submission of the application, no bankruptcy or liquidation procedure in the three years before their application, financial rating, etc.) and agree to remain the exclusive owner of the land and building where the project will be carried out. The affordable rental dwellings built or purchased using these loans have to be less than 120 m<sup>2</sup> and meet the mandatory requirements of the Czech Building Act in terms of energy performance and resident safety. Applicants also commit to lease these dwellings at an affordable rent for at least 20 years after the completion of the project, or for the loan repayment period if it exceeds 20 years, within the legal framework defined in Box 2.3.

A more targeted definition of social and affordable housing should also take into consideration the potential funding and potentially build the basis for linking subsidised dwelling to targeted financing mechanisms. In Belgium, support is provided to social and affordable housing developers through a mix of loans and subsidies, while France has created a system of subsidised loans with conditions linked to the level of affordability of the dwellings (Table 2.3). In the Netherlands, housing associations obtain long-term loans from the *Nederlandse Waterschapsbank* (NWB) and the BNG Bank, which are both publicly owned. Housing associations can obtain a guarantee from the NWB's Social Housebuilding Guarantee Fund (WSW) only for the construction of social dwellings, meaning the rents on these dwellings are capped regardless of the number of points they are attributed. In all three countries, these public loans have discounted interest rates and can have long-term maturities (e.g., up to 40 years in France, up to 50 years in the Netherlands).

Table 2.3. Financing framework for social and affordable housing in other OECD countries

Austria	Belgium			France	Netherlands
	Brussels-Capital	Flanders	Wallonia		
<p>The financing of social housing is primarily managed at the provincial level, with each of the nine provinces (<i>Länder</i>) responsible for their own housing subsidy and loan schemes.</p> <p>In 2021, low-interest public loans and bank loans both cover 30-40% of the financing needs, the housing provider's equity covers 10-20% and additional public grants cover 5%. Tenants can be requested to make an equity contribution, which covered 5-10% of total investment costs in 2021.</p>	<p>Social housing in the Brussels-Capital Region is financed by regional long-term loans and subsidies, funded the Region's budget and allocated by the Regional Housing Agency (<i>Société du Logement de la Région de Bruxelles-Capitale</i> – SLRB).</p> <p>The Region also distributes subsidies to social rental agencies, which rent from private landlord to offer dwellings at discounted rents under the same income ceilings as social dwellings, mostly to vulnerable households. The subsidies are used to cover the rent difference and maintenance costs.</p>	<p>The Flemish Housing Fund (<i>Vlaamse Maatschappij voor Sociaal Wonen</i> – VMSW) takes out loans from the Region to provide low-interest long-term loans to social landlords. The interest rate is computed as the rate for a similar loan from a commercial bank minus 1 percentage point.</p> <p>Social landlords have been allowed to receive additional subsidies from the Region, provinces and/or municipalities since 2021.</p>	<p>Social landlords contract long-term public loans from the Walloon Housing Agency (<i>Société Wallonne du Logement</i> – SWL) to build and renovate dwellings.</p> <p>The Region also distributes subsidies to social rental agencies, which rent from private landlord to offer dwellings at discounted rents under the same income ceilings as social dwellings, mostly to vulnerable households. The subsidies cover the rent difference and maintenance costs.</p>	<p>The <i>Banque des Territoires</i> (BdT) provides low-interest long-term loans to build or acquire PLAI, PLUS, PLS and PLI dwellings. The interest rate is computed depending on the interest rate of the Livret A, which is a financial savings product open to the general public used to back the BdT loans. The interest rate increases with income ceilings, lowest for the most social dwellings, and highest for affordable dwellings.</p> <p>The French National Housing agency (<i>Agence Nationale de l'Habitat</i> – ANAH) provides energy renovation subsidies for social landlords and subsidies for private landlords renting out their dwellings at lower prices (<i>intermédiation locative</i>).</p>	<p>Financial institutions like the <i>Nederlandse Waterschapsbank</i> (NWB) and BNG Bank provide low-interest loans, often issued as bullet loans (i.e. with flexible repayment options over the loan duration). Loan terms vary between 2 and up to 50 years.</p> <p>If the loan is guaranteed under the Social Housebuilding Guarantee Fund (WSW), the housing association needs a municipal back-stop agreements, and the funds can only be used for the social housing segment of their dwelling stock.</p>

Source: Study visits to Belgium and France (2024), OECD (2023<sup>[5]</sup>), Housing Europe (2021<sup>[6]</sup>).

### 2.1.2. There are only few actors providing affordable and social housing

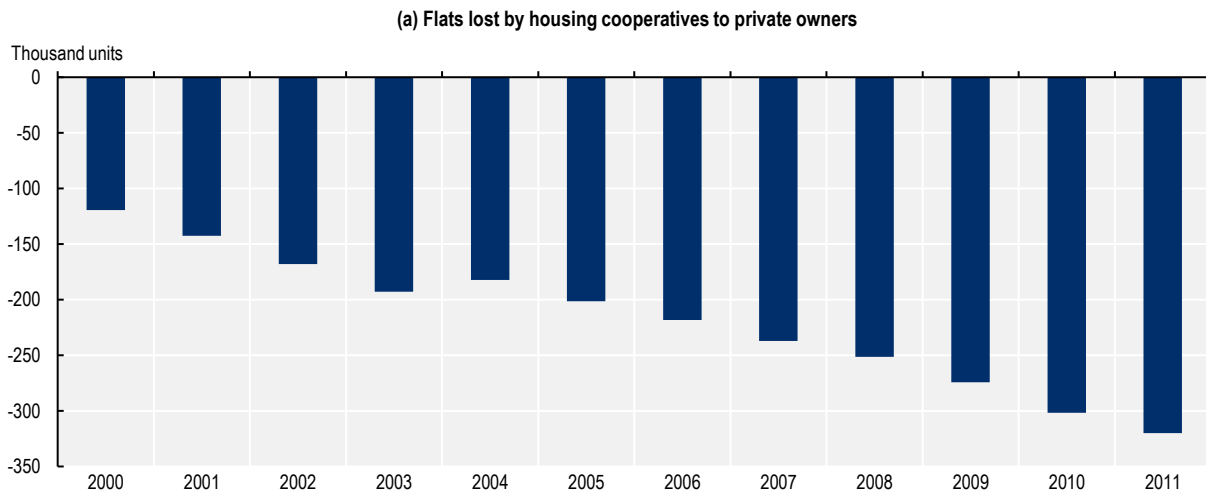
*The current not-for-profit housing landscape in Czechia is small and their mandate is not clearly defined by law*

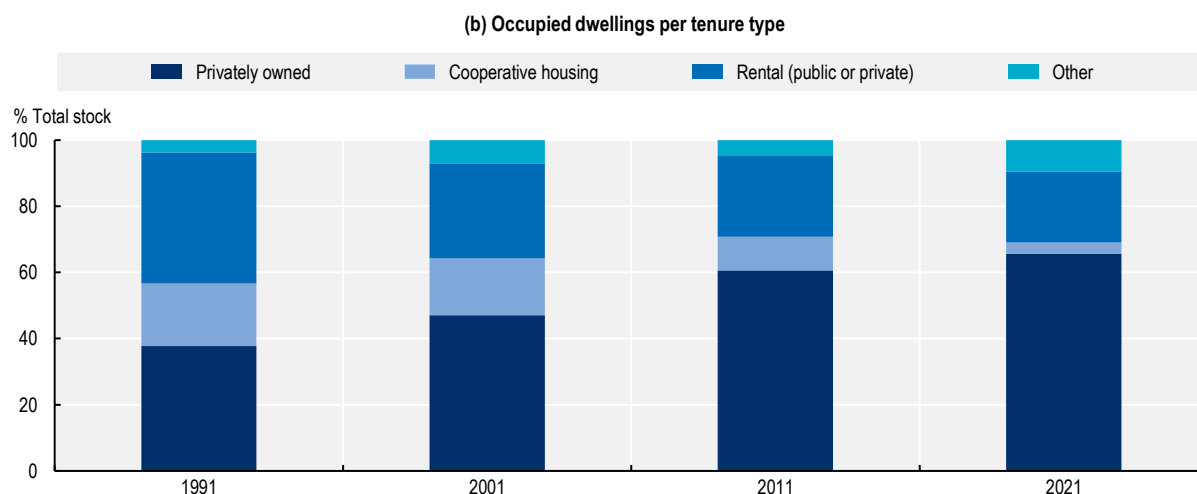
The main historical not-for-profit housing actors in Czechia are housing cooperatives. However, housing cooperatives do not have an obligation to provide affordable housing (either for rent or purchase), and cooperative shares can be sold at market prices. The Ministry of Regional Development is currently considering legislation aimed at introducing limited-profit and not-for-profit housing providers.

#### Housing cooperatives

Cooperative housing has a long history in Czechia, with the first “people’s housing coops” (*lidová bytová družstva*) reported in the 19<sup>th</sup> century (Panel Story Project, November 2023<sup>[7]</sup>). They provided apartments (“*sociální byty*”) to vulnerable groups, with the support of state subsidies and employers. After the Second World War, during the communist period, housing coops gained popularity as they allowed multiple households to pool resources, hence playing a crucial role in the reconstruction of destroyed housing stocks. State loans covered most construction costs of these multi-unit prefabricated buildings, and collective contributions covered the remaining. The 1950s saw the development of a substantial number of panel-style flats built by housing cooperatives with state support, which eventually accounted for 40% of newly built flats in the 1980s and 1990s. These panel blocks were however often built from lower quality materials, imposing high maintenance costs. After 1991, the state transferred its housing units to municipalities and housing cooperatives and imposed an obligation to transfer cooperative housing units’ property rights to individual tenants if they asked (Housing Europe, 2017<sup>[8]</sup>). The majority of these flats were consequently transferred to private owners, leaving mainly the lowest quality ones to municipalities and cooperatives (Figure 2.2, Panel A). The share of cooperative housing has been shrinking since 2000, accounting for merely 3.4% of dwellings in 2021 (3.1% including uncategorised dwellings) (Figure 2.2, Panel B).

**Figure 2.2. The number of flats owned by cooperatives has steadily declined since the 1990s**





Note: The evolution in Panel A only reflects buildings administered by members of the Union of Czech and Moravian Housing Associations ("Svaz českých a moravských bytových družstev" or SCMBD). Public rental refers to municipal housing. The figures in Panel B are derived from national census data, excluding missing observations ("Not identified") category. The "Other" category includes households reporting a free use of dwellings.

Source: Housing Europe from SCMBD data (Panel A); Czech Ministry of Regional Development (2021<sup>[9]</sup>) and Czech national census data (Panel B).

The cooperative owns the building, while tenants benefit from indefinite leases, with cost-based rents that take their flat's surface area into account. The rent also includes a fixed fee for building administration and management (estimated between EUR 6 to EUR 8 per month in 2011 by Lipej and Turel (2018<sup>[10]</sup>), while cooperatives cover the mortgage, insurance premia, maintenance costs using the collected rents and, in the few cases where the cooperative does not own the whole building, housing society administration fee. Housing cooperatives used to operate as non-profit organisations by law (Box 2.4), using rent revenues only to maintain and repair the buildings, repay mortgage interests or develop the cooperative. Following the Business Corporations Act, cooperatives are allowed to generate profit, up to a third of which can be redistributed to their members. There profits can however not be derived from rents, which must be cost-based, but can be obtained from selling cooperative shares on the market.

The cooperative model in its current form is not geared towards providing affordable housing. There are opportunities to broaden the landscape of not-for-profit housing actors beyond the cooperative model to facilitate the emergence of other housing actors with a focus on the provision of social and affordable housing.

#### Box 2.4. Legal framework for housing cooperatives in Czechia

The current framework in which Czech housing cooperatives operate was established in the commercial code of 1991 (Act 513/1991) and the subsequent Transformation Act, which gave cooperative members the right to purchase their unit and to sell their membership share on the free market, but at a lower price than the market equivalent. Rents and rent increased were further regulated by the 2006 law on the unilateral increase of rent (Law No. 107/2006 Coll.), which allows rents to increase based on the flat's size and location.

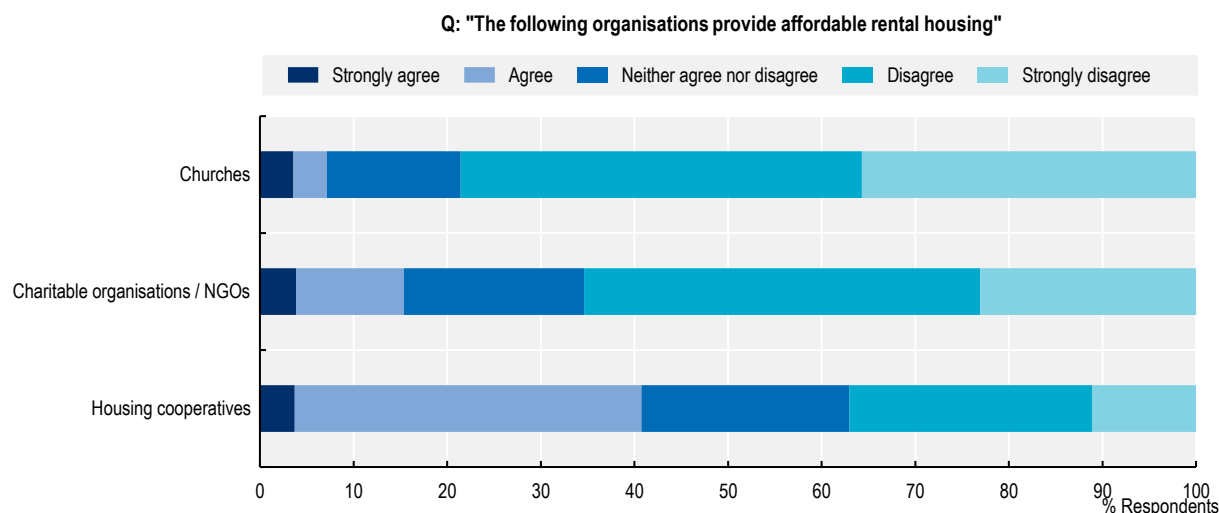
Since 2012, housing cooperatives' obligations have been defined in the Business Corporations Act on Commercial Companies and Cooperatives, which defined the following:

- **Housing cooperative definition:** A housing cooperative is a legal entity in Czech law that primarily serves its members' housing needs. Their core purpose is to meet housing needs, with restrictions on other business activities. It can manage properties owned by others under certain conditions.
- **Cooperative flats:** A cooperative flat is a unit owned or co-owned by a housing cooperative and leased to a cooperative member who himself (or its legal predecessor) contributed to its acquisition. Members are lessees, not owners, and the lease agreement defines rent, repair costs, etc.
- **Cooperative share and ownership:** A cooperative share represents ownership and grants a member the right to lease a cooperative flat. Legal and natural persons can be members. Ownership entails leasing rights, rent determination, and repair obligations. The transfer of a share is subject to the conditions in the Articles of Association. However, in practice, cooperatives cannot prohibit the transfer of a member's share as long as the buyer meets the conditions stated in the admission statutes of the cooperative.
- **Transfer of cooperative share:** Transferring a share involves a Share Purchase Agreement. The transferee assumes debts and obligations associated with the flat. The housing cooperative must be informed, and a transfer fee might apply. Specific documents and confirmations are needed for a smooth transfer.
- **Ownership differences:** Ownership of a cooperative share grants leasing rights to a flat, while ownership of a flat provides full property rights. Cooperative share ownership is registered within the cooperative, not publicly. Property taxes apply differently.
- **Subleasing and taxation:** Subleasing a cooperative flat requires approval from the cooperative's designated body. Income from subleasing is subject to personal income tax. Expenses related to the leased property can be deducted.

### Other not-for-profit housing actors

There are few not-for-profit housing actors in Czechia (Figure 2.3). Not-for-profit organisations and NGOs provide crisis housing, mostly funded from subsidies from the Ministry of Labour and Social Affairs. These emergency shelters are operated as a social service under the Act on Social Services (Act No. 108/2006). These services rely on a combination of housing and social services, usually renting flats from municipalities or private owners and subletting them to their beneficiaries. Access to these housing services is reserved for households at high risk of social exclusion (e.g. high indebtedness) and relies on short-term rent agreements (1-6 months), and flats tend to be privately owned. Social housing was provided by non-governmental organisations only in 5% of all surveyed municipalities according to the OECD-MMR housing survey and represents merely 3.6 housing units per 10 000 inhabitants (OECD, 2021<sup>[11]</sup>). Half of these units were built within the past few years, indicating that this is a relatively recent approach with upscaling potential.

**Figure 2.3. Stakeholders largely agreed there is no clearly identified not-for-profit affordable rental housing providers on the market**



Note: Shares were computed based on 28 answers.

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia.

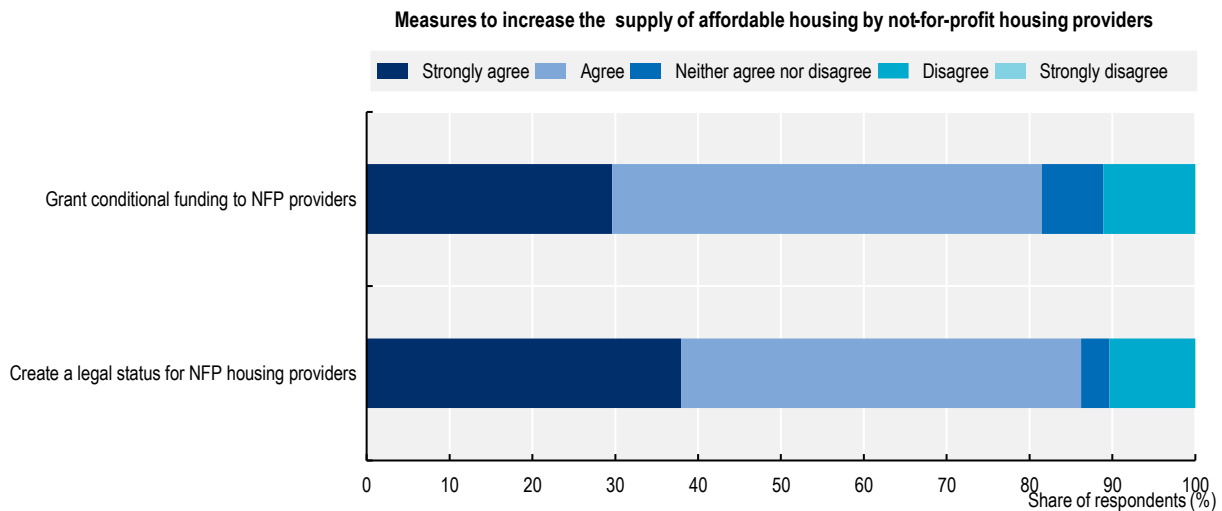
### Legal framework for not-for-profit housing actors

The scope of the social and not-for-profit segment of the housing market is hard to define given the lack of a regulatory definition of social housing in Czechia. The current legal framework in Czechia, and in particular the absence of a legal definition of not-for-profit housing providers, appears to be a key element to be addressed in order to broaden the scope of affordable housing options. Such legal framework could facilitate the introduction of other affordable housing providers, such as housing associations providing social housing at a rent below market price, which are commonly found in OECD countries (OECD, 2021<sup>[12]</sup>).

The development of the not-for-profit sector (*Neziskový sektor*) has been identified as a key avenue to increase the supply affordable housing in Czechia by respondents to the OECD Stakeholder Survey. In particular, 86% of stakeholders agreed or strongly agreed that introducing a legal definition of the mission and obligations of not-for-profit affordable housing providers, such as cost-based rents and continuous reinvestment in affordable housing, would contribute to increasing the supply of affordable housing on the market (Figure 2.4). Further, 81% of respondents agreed or strongly agreed that granting not-for-profit housing providers conditional funding would increase the supply of affordable housing on the market.



**Figure 2.4. Stakeholder survey respondents supported the introduction of a legal framework and conditional public funding**



Note: The "Create a legal status for NFP housing providers" category is based on answers to the statement "The provision of affordable housing by not-for-profit providers could be increased by introducing legislation to create not-for-profit housing actors with the objective of providing affordable housing (for example, through obligations for cost-based rents and continuous reinvestment in affordable housing)" (29 responses). The "Grant conditional funding to NFP providers" category is based on answers to the statement "The provision of affordable housing by not-for-profit providers could be increased by providing public funding for affordable housing to cooperatives and not-for-profit actors under the condition of building affordable rental housing (for example, through obligations for cost-based rents and continuous reinvestment in affordable rental housing)" (27 responses).

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia.

The introduction of the legislative framework could be also accompanied by support for investment by not-for-profit actors for the provision of affordable housing. European Union (EU) law prohibits State aid to private and public actors to avoid distortive advantages. However, EU State aid regulation allows for government interventions under certain rules. Accordingly, State aid rules do not appear to be *per se* a barrier to the development of not-for-profit housing if the purpose of these not-for-profit housing actors is the provision of social and affordable housing (which is currently not the objective for the existing Czech cooperative model) (Box 2.5). Moreover, the EU Urban Agenda Housing Partnership's guidance paper on EU regulation and public support for housing stipulates that "non-financial measures are also available to authorities to support investments in affordable, adequate and social housing without being labelled as state aid under EU rules, e.g.: Support the creation and capacity of institutions and organisations that will contribute to social and affordable housing such as not-for-profit investors, Community Land Trusts, housing cooperatives and public companies" (EU Urban Agenda Housing Partnership, 2017<sup>[13]</sup>). Such non-financial measures like supporting non-profit organisations as housing providers could be leveraged to promote further develop affordable housing options in Czechia.

### Box 2.5. Housing and EU State aid regulation

The EU defines State Aid as a distortionary market intervention by a state entity or with state resources that provide recipients with an advantage over competitors on a selective basis that likely has an effect on trade between member states. For this purpose, the European Commission enforces rules that regulate State aid. Economic activities that represent Services of General Economic Interest (SGEI) are exempted from State Aid regulation. SGEI describe economic activities that would not be provided

under equal conditions if market forces alone were at play. As social housing falls within the scope of SGEI, EU State Aid rules do not inhibit public support for social housing investment. There are, however, strict conditions for agents in the sector to qualify their activities as SGEI.

In the Netherlands, cooperative housing has been successfully used to provide affordable housing, relying on a cooperative model that is significantly different from the current Czech cooperative model. The 2015 Dutch Housing Act addressed a 2009 European Commission decision related to rules for social housing investment in the Netherlands by making a clear distinction between housing associations' social and commercial activities. Only the activities of housing associations that qualify as SGEI are eligible for State Aid, ensuring favourable financing conditions with interest rates below market conditions. Moreover, the European Commission's decision also required targeting generated housing capacity to disadvantaged citizens or socially less advantaged groups. The Dutch Housing Act links therefore tenants' eligibility for social housing to income ceilings.

Source: European Commission (2009<sup>[14]</sup>), (2023<sup>[15]</sup>), and (2023<sup>[16]</sup>); OECD (2023<sup>[5]</sup>).

### *Other OECD and EU countries have developed actors specialised in the provision of affordable and social housing*

Not-for-profit housing providers are important actors in the development of affordable housing in many OECD countries. Although the legal framework differs from one country to another, the definition of “not-for-profit” or “limited profit” housing actors generally relies on reinvesting profits into the maintenance and development of their housing stock and selling or leasing dwellings at below-market rates. Rents tend to be cost-based, meaning that they are meant to cover the construction and maintenance costs of the dwellings, and can sometimes be computed depending on tenants' incomes.

Most social and affordable rental dwellings are delivered by social landlords in the Belgian Regions and in France (Table 2.4). These social landlords are not-for-profit companies operating with public loans or subsidies from regional authorities in Belgium and from the central government in France. They are accredited by public authorities with a mandate to build, acquire and maintain social dwellings with these loans and subsidies. They are also in charge of collecting rents, which are used to cover employees' wages and to be reinvested into maintaining and expanding their housing stock. In France, 45% of social landlords are *Offices Publics de l'Habitat* (OPHs), which are firms in which municipalities or other local authorities have a stake but which are independent and operate autonomously as social landlords. OPHs operated 45% of the total social dwelling stock (2.13 million dwellings) as of January 2023.

Other OECD countries operate social housing through not-for-profit or limited-profit organisations whose operations can be broader than the social segment of the housing market. In the Netherlands, social and affordable housing is provided through a combination of public entities and limited-profit or not-for-profit housing providers, which are private organizations with public missions and benefitting from public financing schemes (Table 2.4). In the Netherlands, housing associations (*woningcorporaties*) own roughly 75% of the rental housing stock and have an obligation to provide 92.5% of their stock at social and intermediary rents (Government of the Netherlands, 2025<sup>[17]</sup>). The remainder of their dwelling stock can be rented at private market-rent, provided these dwellings were not financed with a public guarantee and the number of points they are attributed is 187 or above.

Table 2.4. Not for profit social and affordable housing providers in other OECD countries

Austria	Belgium			France	Netherlands
	Brussels-Capital	Flanders	Wallonia		
<p>Social housing is mainly managed by regulated limited-profit housing associations (<i>Gemeinnützige Bauvereinigungen</i> – GBV) and municipal governments. GBVs are regulated and social rents are cost-based, covering actual expenses without profit margins. Municipalities also provide a large share of social dwellings. For instance, the City of Vienna owned and managed approximately 220 000 units in 2021 (25% of the city's housing stock), while GBVs built and managed 200 000 units built using public support (funding and / or land provision). GBV are exempted from corporate taxation.</p>	<p>There are 16 Public Service Housing Companies (<i>Sociétés Immobilières de Service Public</i> – SISP) building, acquiring, attributing and managing social dwellings. The SISP are not-for-profit private companies accredited by the region to build and rent out social dwellings using long-term public loans and subsidies.</p>	<p>There are 41 Housing Companies (<i>Woonmaatschappijen</i> – HC) building, acquiring, attributing and managing social dwellings. The HC are not-for-profit private companies accredited by the region to build and rent out social dwellings using long-term public loans for the Region's housing fund and eventual subsidies from local authorities.</p>	<p>There are 62 Public Service Housing Companies (<i>Sociétés de Logements de Service Public</i> – SLSP) building, acquiring, attributing and managing social dwellings. The SLSP are not-for-profit private companies accredited by the region to build and rent out social dwellings. Their funding comes from long-term public loans and subsidies.</p>	<p>Social landlords are private not-for-profit companies in charge of developing, acquiring and managing social and affordable rental dwellings offered with controlled rents under revenue conditions set by the state. Social landlords can apply for long-term low-interest public loans from the <i>Banque des Territoires</i> and can be of 3 legal types.</p> <p>Public Housing Offices (<i>Offices Publics de l'Habitat</i> – OPH) are public commercial organisations (<i>Etablissements publics à caractère industriels et commercial</i> – EPIC) under the oversight of a local authority (e.g. Paris Habitat).</p> <p>Social Housing Enterprises (<i>Entreprises Sociales pour l'Habitat</i> – ESH) are private companies with a general interest mission, regulated by an administrative authority. Their executive board has to include representatives of local authorities (e.g. Goupe 3F, CDC Habitat)</p> <p>The COOP'HLM are private companies with variable capital. Their governance is based on cooperative principles, bringing together tenants, investors, workers and public administrations.</p> <p>Social landlords benefit from fiscal advantages, such as a 30% discount on property taxes (<i>Taxe foncière sur les propriétés bâties</i> – TFPB)</p>	<p>Social housing is primarily provided by housing associations (<i>woningcorporaties</i>), which are private entities with a public mission to offer affordable housing. These associations own and manage a substantial portion of the country's housing stock, and their stock varies between 400 to 80 000 units.</p> <p>Housing associations typically do not receive direct public subsidies and do not benefit from corporate tax exemptions, and instead rely on low-interest loans, revolving funds and rental income to finance their operations.</p>

Source: Study visits to Belgium and France (2024), OECD (2023<sup>[5]</sup>), City of Vienna, Van Deursen (2003<sup>[18]</sup>).

In Austria, limited-profit housing associations (*Gemeinnützige Bauvereinigungen* – GBV) deliver social and affordable housing together with municipalities (mostly in Vienna), accounting for 71% and 29% of the social and affordable housing stock respectively in 2020 (Housing Europe, 2021<sup>[6]</sup>). GBVs are private firms with an independent management board with a mandate to build and manage affordable dwellings, which is established by the Limited-Profit Housing Act (*Wohnungsgemeinnützigkeitgesetz*). As discussed in previous sections, although the general eligibility conditions of GBV dwellings set a relatively high-income thresholds, dwellings financed with a public (regional) scheme come with stricter eligibility conditions to ensure low- and middle-income households are the priority target.

Overall, social housing providers in Austria, Belgium, France and the Netherlands all operate on a limited- or not-for-profit business model to ensure financial sustainability and constant reinvestment into the social and affordable dwelling stock, and are regulated by the competent authorities (state-level or federated entities). Affordable and social housing support is only delivered to these providers, and public funding is only delivered to support the development of social dwellings, by setting social eligibility conditions on the dwellings built using this support.

In addition to housing delivered by not-for-profit housing providers, rental intermediation schemes allow not-for-profit social rental agencies to offer privately-owned dwellings at a discounted rent: the private landlord agrees to a lower rent level in exchange for guaranteed rent payment and fiscal advantages. In France, Brussels-Capital and Wallonia, there are not-for-profit social rental agencies (SRAs), which specialise in rental intermediation, often targeting vulnerable households (Table 2.5; see also Box 3.6). In Flanders, in July 2023 SRAs were merged with social landlords, which now use the dwellings as affordable housing. Rental intermediation only represents small share of rental dwellings in both France and Belgium and is less stable than housing managed by not-for-profit housing providers. However, rental intermediation can be effective to address short-term affordable housing shortages since these dwellings are already built.

**Table 2.5. Social rental agencies and rental intermediation framework in Belgium and France**

Belgium			France
Brussels-Capital	Flanders	Wallonia	
In the Brussels-Capital Region, 24 not-for-profit social rental agencies ( <i>Agences Immobilières Sociales</i> – AIS) act as intermediaries between private landlords and renters to provide affordable housing. They are subsidised and regulated by the Region. Landlords agree to a rent lower than market prices in exchange for housing tax ( <i>Précompte immobilier</i> ) rebates, the AIS covering maintenance cost and ensuring the rent is paid. The regional subsidy is used to pay the AIS' staff, cover maintenance costs subsidise the rent difference between what landlords get and what tenants pay.	Since 1 July 2023, part of the stock managed by housing companies is composed of dwellings leased by private landlords which used to be managed by social rental agencies ( <i>social verhuurkantoor</i> ), and these dwellings are rented out at an affordable rent independent of the tenant's income	In the Brussels-Capital Region, 24 not-for-profit social rental agencies ( <i>Agences Immobilières Sociales</i> – AIS) act as intermediaries between private landlords and renters to provide affordable housing. They are subsidised and regulated by the Region. Landlords agree to a rent lower than market prices in exchange for housing tax ( <i>Précompte immobilier</i> ) rebates, the AIS covering maintenance cost and ensuring the rent is paid	In France, rental intermediation ( <i>intermediation locative</i> ) can take two forms. Private landlords can rent or sublet their dwelling to an association approved by the <i>Préfecture</i> for a renewable period of three years. Formally, the tenant is the association, which is responsible for paying the rent and service charges, routine maintenance and refurbishment of the accommodation (meaning the rent is guaranteed). The association can then use the dwelling to provide affordable housing, often to vulnerable households. Private landlords can give a management mandate ( <i>mandat de gestion</i> ) to a social rental agency ( <i>Agence Immobilière Sociale</i> – AIS), which will establish a contract directly between the landlord and the tenant for at least 3 years. The AIS is in charge of collecting rents, and can offer rental guarantees to the landlord and / or social services to the tenant if needed.

Source: Study visits to Belgium and France (2024).

In Belgium, smaller-scale for-profit private actors have also entered the market to buy and renovate dwellings before renting them out as social or affordable dwellings through rental intermediation, such as Inclusio in Belgium. In France, the provision of social dwellings by private actors is induced through an obligation that municipalities have to impose on private developers to include social dwelling in new developments if the municipality does not have at least 20% of social dwellings (Table 2.6; on developer obligations, see also below section 2.2.3).

**Table 2.6. For-profit social and affordable housing actors in Belgium and France**

Belgium	France
<p>The private investor in social real-estate Inclusio builds, acquires and renovates dwellings, which are then rented at an affordable price through rental intermediation. Although Inclusio's affordable supply is currently restricted to Flanders, they could operate on the entire Belgian territory.</p> <p>As of March 2024, 4 778 people lived in Inclusio-owned buildings, either in affordable rental housing managed by Flemish Housing Companies or municipalities (1 314 units), in rental dwellings adapted to people with disabilities leased to specialised associations (151 units), or in social centres.</p>	<p>Since the 2000 law on Solidarity and Urban Renewal (<i>Loi Solidarité et renouvellement urbain – SRU</i>), underperforming municipalities that have not met the social housing targets set by law (20% or 25% of the total housing stock) are required to impose obligations on private developers to include a third of social dwellings in any new development project. Private developers can also sell up to 50% of the dwellings produced in a project directly to social landlords.</p>

Source: Study visits to Belgium and France (2024).

### **2.1.3. Recommendations to refine the framework and operational mechanisms for affordable and social housing provision**

*Introducing a universal legal definition of affordable and social housing building on the existing definitions included in the IROP programme and the State Investment Fund affordable rental housing scheme*

The Czech authorities could consider the following policy actions:

- **Build on the definitions of social and affordable housing currently related to existing programmes to create a national framework, facilitating the provision of both, including through financial and regulatory incentives.** The legal framework can be introduced by amending the current legislation or, preferably, through separate legislation that would apply to all future programmes aimed at supporting affordable and social housing. The framework should take into consideration the following elements:
  - Eligibility conditions: there could be a clear differentiation in the definition of social and affordable housing to target different needs, with the former targeting households at a lower end of the income distribution and the latter targeting low- to middle-income households who cannot reasonably afford rental housing at market rates, nor a commercial mortgage to purchase a dwelling. This differentiation will help target households and direct funding. Income ceiling could be revised periodically to maintain the intended targeting. Higher-income eligible households would pay higher rents, and affordable dwellings would be financed by loans with higher interest rates than dwellings targeting lower-income households. The inclusion of additional categories of eligible households could be considered, including for instance people experiencing or at risk of homelessness, people with disabilities, victims/survivors of intimate partner violence, and people living in sub-standard housing. Land-based and spatial planning tools could facilitate the uptake of programmes by local authorities (see Pillar 2). The development of not-for-profit/limited profit housing providers (on which see recommendations below) could create additional capacity for take up of these programmes.

- Rent setting: rents could be cost-based but modulated depending on the household's size and composition, in particular taking the number of dependent people into account. This hybrid rent setting method ensures social housing providers can cover their costs, and that households with lower incomes or vulnerabilities do not pay rents beyond their financial capacities. A rigid cost-based system may not be fair for all social tenants, since people with different financial capacities could face the same rent. Income- and vulnerability-based modulation allows rent to be adjusted to households' situations, including adjustments over time if their income increases for instance, ensuring that lower-income households pay a lower proportion of their income while higher-income tenants contribute more. In order to take inflation into account and ensure social and affordable housing operators can cover construction and maintenance costs, the legal framework should additionally allow for regulated rent increases.
- **Develop targeted financing mechanisms to back the provision of social and affordable housing building on existing programmes and introduce incentives for the take up of these programmes.** The SFPI's and the NRB's current Affordable Housing Programmes could be more targeted for the provision of affordable housing. These programmes could be complemented by other funding programmes for social housing through the provision of lower interest loans or public guarantees based on the eligibility conditions identified in the recommended framework. These funding programmes could target not-for-profit social and affordable housing providers with some financial incentives for initial take up and the roll out of pilot programmes in some municipalities through the active involvement of national authorities.

*Establishing a legal framework to define the role and responsibilities of affordable and social housing providers*

The Czech authorities could consider the following policy actions:

- **Introduce legislation defining the role and obligations of not-for-profit/limited-profit social and affordable housing providers:** the current legislation on limited-profit and not-for-profit housing providers could take into consideration the following elements:
  - *Mandate to develop* and manage social and affordable dwellings: The mandate of not-for-profit housing providers could be focused on the development, purchase and maintenance of social and affordable dwellings, following the criteria defined in the social and affordable housing legislation recommended above. If private for-profit actors are also included in this role, the status of these companies should be strictly restricted to a social purpose. Social landlords could also include municipality companies or associations of municipalities. The narrow definition would allow these housing actors to receive public support in the form of long-term loans (maturity of 40+ years), guarantees, subsidies, and fiscal advantages.
  - *Funding to develop* and manage social and affordable dwellings: The Affordable Housing Programme funded by the State Investment Support Fund could provide an opportunity to facilitate the creation of social landlords through the application to the programme by legal entities established by municipalities, which could also include not-for-profit actors. This could create a tangible opportunity to jump start the emergence of these actors.
  - *Rental intermediation:* In addition to the stock owned and managed by not-for-profit housing providers, a rental intermediation mechanism could increase the supply of social and affordable housing by using existing privately-owned housing. Rental intermediation allows social and affordable housing actors to lease private properties in order to sublet them at affordable rates, offering private landlords guaranteed rent, fiscal benefits and / or management services. While social and affordable housing development takes some time, rental intermediation can quickly expand affordable housing options without new construction.



Rental intermediation could be the responsibility of not-for-profit housing providers or implemented by distinct social rental agencies, whose role should then also be legally defined.

- **Provide capacity development for not-for-profit/limited-profit social and affordable housing providers to support the emergence of these actors.** Newly established not-for-profit housing providers could receive some form of capacity development at the start. This could take the form of training in finance, property development, business planning. The support could be initially linked to access to funding in a form of a small grant to support the training as done in other OECD countries (Box 2.6).

### Box 2.6. Building affordable housing investment capacity for community housing providers in Australia

In Australia, community housing providers (CHPs) have access to Capacity Building Program Grants. The programme enables CHP to receive customised assistance from a professional advisory service provider to improve their housing investment capacities. The eligible advice for capacity building is targeted at supporting the CHPs with their applications for funding from either the National Housing Infrastructure Facility (NHIF) or the Affordable Housing Bond Aggregator (AHBA) of the National Housing Finance and Investment Corporation (NHFIC).

Public support for capacity building is provided in form of grants, which amount to a maximum of AUD 20,000. The grants are available to officially registered CHPs which must either express their interest in AHBA or NHIF funding before they can receive a grant referral from the NHFIC. The professional advisory service provider (consultant) who supports the capacity building can be chosen by the CHP from a list of approved providers.

Consultancy services available through the *Capacity Building Program* cover four key areas:

- **Finance** (e.g., financial modelling, fundraising and financial risk analysis)
- **Business planning** (e.g., the preparation of business cases and partnership development)
- **Property development** (e.g., sustainable and accessible property design and urban planning)
- **Risk management** (understanding, managing, monitoring and mitigating different risk categories, e.g., financial risks)

Source: Capacity Building Program Grants, <https://www.nhfic.gov.au/capacity-building-program-grants>.

## 2.2. Unlocking the development of affordable housing through more efficient spatial planning governance and land-based finance

### 2.2.1. Leveraging local planning tools to boost affordable housing supply in high-demand areas and promote compact urban development

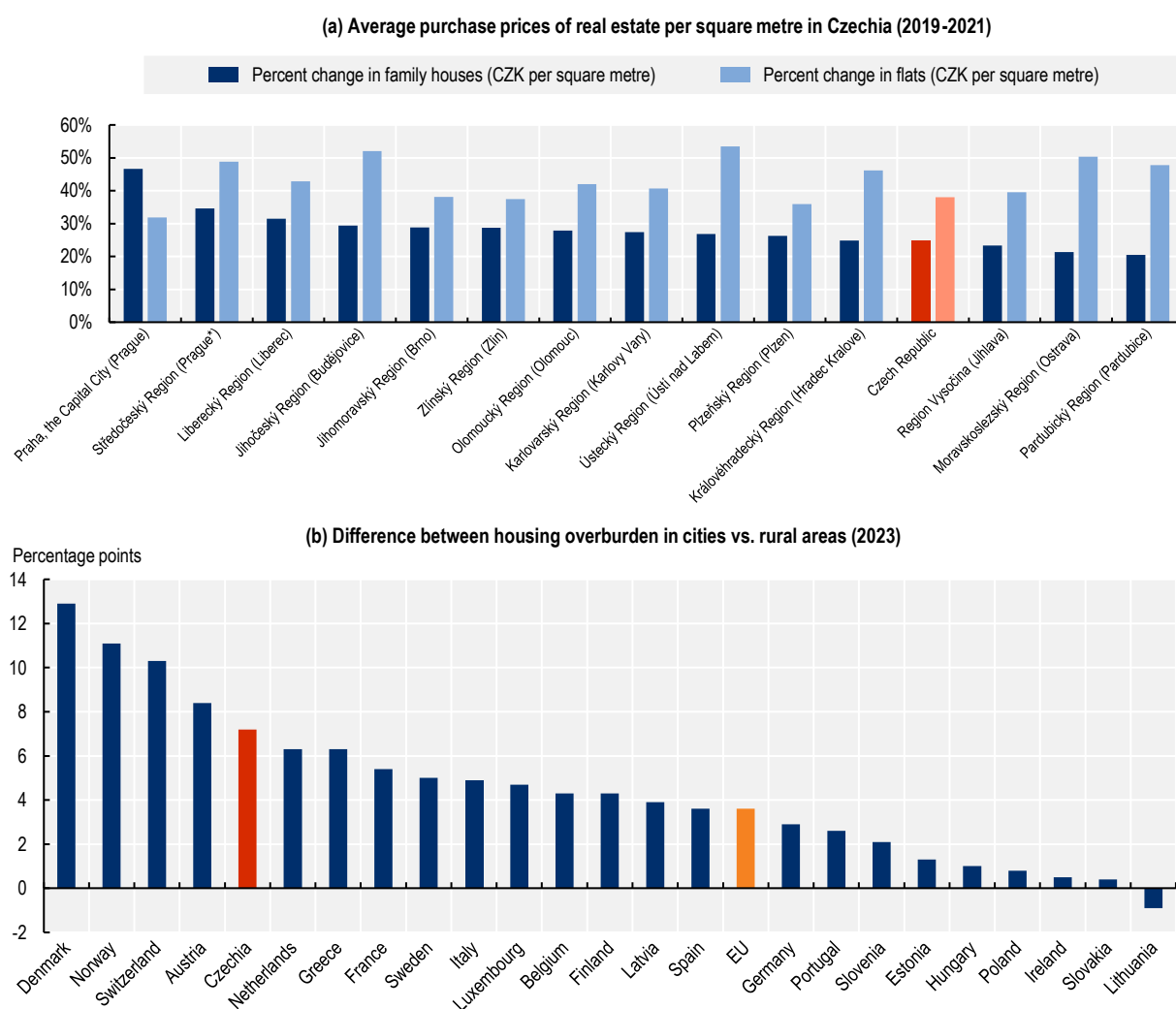
*Challenges in land-use and spatial planning undermine its ability to mitigate the housing crisis*

As seen in Chapter 1, real housing prices have increased sharply in Czechia, influenced by several factors, including rising incomes and restrictive land-use governance, making housing less affordable. This



decrease in affordability has been felt hardest in bigger cities: as of 2019, households in large cities spent an average of CZK 7 285 on housing per month, compared to CZK 4 615 in municipalities with 1 000 people or fewer (i.e. almost 60% more). Indeed, the purchase price per square metre increased across Czechia between 2019 and 2021 for both family houses and flats, mostly in regions with larger cities (Figure 2.5, Panel A). In Prague, the price per square metre for a family house increased by over 46% in the span of just two years. Furthermore, the difference in the overburden rate between urban and rural areas is one of the largest among EU countries: in 2023, the share of households overburdened by housing costs in cities was 7.2 percentage points higher than in rural areas (13.2% in cities vs. 6.0% in rural areas, Figure 2.5, Panel B).

**Figure 2.5. The decrease in affordability has been felt harder in urban areas than in rural areas**



Note: Panel A: X-axis shows the region with its capital city in parentheses. \* = No regional authority town, but Prague is the regional authority.  
Source: Panel A: Czech Statistical Office, <https://vdb.czso.cz/>. Panel B: Housing cost overburden rate by degree of urbanisation - EU-SILC survey (Eurostat).

The lack of affordable housing in Czechia is partly due to the insufficient leveraging and the inefficiency of land use and spatial planning tools to encourage housing development in areas where it is most needed, in response to changes in demand, and in a timely manner. Despite housing needs being concentrated in

a limited number of municipalities, residential construction in the Czech Republic has remained largely disconnected from price dynamics, with supply failing to adjust to growing demand (OECD, 2021<sup>[11]</sup>). Housing development appears concentrated in areas with relatively lower housing prices, while high-demand areas have seen lower levels of new construction (OECD, 2021<sup>[11]</sup>). Furthermore, land-based finance tools, i.e. tools that recover land value increases resulting from public infrastructure provision and changes in land-use regulations and that can be used to increase the supply of affordable housing, are rarely used in Czechia.

In addition to rising housing prices and a lack of affordable housing supply, the underutilisation of land use and spatial planning tools in Czechia can have various negative externalities. One of these is urban sprawl, driven by low-density development and the proliferation of monofunctional buildings and neighbourhoods. This pattern of expansion undermines social, environmental, and economic sustainability by limiting housing supply, increasing infrastructure costs, and exacerbating car dependency. Additionally, inefficient spatial planning diminishes quality of life by limiting access to essential services and amenities while also creating barriers to the labour market as a lack of affordable housing prevents households' mobility.

A framework for land use and spatial planning already exists in Czechia. The national government provides the overarching legal framework for spatial and land use planning, while municipalities are responsible for issuing building permits, as well as urban planning and zoning competencies (Box 2.7). The national guidelines are meant to frame local plans to serve the strategic needs of Czechia as a whole, in particular with respect to sustainable development and infrastructure. In addition, there are three types of local plans that municipalities can use, with different scopes and levels of regulatory power (Box 2.7).

There are however barriers to effectively using land use and spatial planning tools to increase housing supply in areas experiencing high demand, including: i) rigid requirements for local plans (e.g. Regulatory Plans are prohibitively difficult to change and must always conform with higher level ones, and the same level of detail is needed for Local Territorial Plans for municipalities of all sizes) ii) fragmentation undermining coordination between levels of government, policy sectors, and municipalities; iii) limited capacity of local governments to develop detailed land use plans or process permits; and iv) time- and cost-intensive permitting processes. Strategic reforms of land use and spatial planning, two policy instruments underutilised by Czechia in the context of the housing sector, could facilitate coordination and incentivise housing development to address the country's housing crisis.

### Box 2.7. Legal framework for spatial and land use planning in Czechia

Similar to 21 of 32 countries surveyed by the OECD in 2016, Czechia uses a hierarchical system of spatial plans, with plans at the national, regional and local level (OECD, 2016<sup>[19]</sup>). National level policies set general guidelines while delegating the execution of plans to subnational governments. However, lower-level plans must comply with higher level ones.

The new Building Act from 2021 (Building Act No. 283/2021 Coll., effective since 2024) is the main regulation for land use in Czechia, defining the spatial planning system. It defines the Spatial Development Policy on the state level and the Spatial Development Principles on the regional level, both of which are binding for the Local Territorial Plans ("*Územní plán*") and Regulatory Plans ("*Regulační plán*") created by municipalities – see below more details on these two types of plans. The Ministry of Regional Development is responsible for the legislative framework that defines the planning system and supervises and guides the planning of lower levels of government.

The Spatial Development Policy is a binding spatial planning instrument with nationwide scope developed and applied by the Ministry of Regional Development. It is intended to coordinate the spatial planning activities of the regions and municipalities, as well as inter-sectoral concepts, policies and strategies. It is periodically updated (every four years) and approved by the state government, with its

last update in 2023. The Spatial Development Policy determines the strategy and basic conditions for the fulfilment of the spatial planning tasks and thus provides a framework for the generally beneficial development of Czechia, particularly regarding sustainable spatial development.

The Spatial Development Principles for regions are set by planning offices that are formally part of regional authorities but exercise their powers within the delegated powers of the state. Spatial Development Principles for regions must adhere to the state level Spatial Development Policy, and in turn municipal level plans must adhere to a region's Principles. These Principles are intended to specify regional development objectives and co-ordinate planning activities of municipalities, but do not include more granular local land use plans, which are left to municipalities.

### **Spatial planning at the municipal level**

Municipalities are responsible for housing provision, including affordable housing, and have competency over grant allocation and distribution, urban planning and zoning. The new Building Act from 2021 (Building Act No. 283/2021 Coll., effective since 2024) includes a streamlining of the permitting process and empowering municipalities to set obligations more firmly for developers as part of a planning contract. While the new Building Act does not contain significant changes to spatial planning, such changes are envisioned for the next round of updates in the near future.

At the municipal level, there are three types of plans, two of which are legally binding.

- A Local Territorial Plan is a land use plan that shows permitted land uses for the entire territory of a municipality and is strictly enforced. It is evaluated every 4 years. More than 95% of all municipalities have this plan. This plan leaves scope for discretion by the Building Office responsible for issuing planning permissions, but must be in line with the regional level Spatial Development Principles and the state level Spatial Development Policy.
- A Regulatory Plan is only prepared for specific areas, such as redevelopment zones, and covers only small parts of municipalities. It provides further regulations regarding the details of permitted developments, such as architectural specifications. Public authorities can procure these plans from the private sector, but this is quite rare in practice. Regulatory Plans must be revised if the Local Territorial Plan on which they are based is changed and must be in line with the Local Territorial Plan of the municipality as well as the regional level Spatial Development Principles and the state level Spatial Development Policy.
- A Planning Study is an *ad-hoc* document that can be procured by regional and local authorities or by private actors to develop solutions to particular planning problems. It is non-statutory and is not legally binding.

Sources: OECD/Lincoln Institute of Land Policy, PKU-Lincoln Institute Center (2022<sup>[20]</sup>), OECD (2017<sup>[21]</sup>), OECD (2021<sup>[22]</sup>).

*The impact municipal planning instruments can have on housing supply is undermined by their rigidity*

Under the national level planning framework, spatial plans developed at the municipal level must conform strictly to regional Development Principles and national Development Policy, despite stark differences in local contexts (Box 2.6). This means that all 6 258 municipalities in the country have to use the same planning instruments as defined by this national framework, even though 5 531 of them (more than 88%) have fewer than 2 000 residents each, and just six municipalities are home to more than 22% of the national population (Figure 2.7, Panel A). Indeed, with 58 municipalities per 100 000 inhabitants, Czechia has the most fragmented municipal landscape among all OECD countries (Figure 2.7, Panel B).

Figure 2.6. Organisation of spatial and land-use planning in Czechia

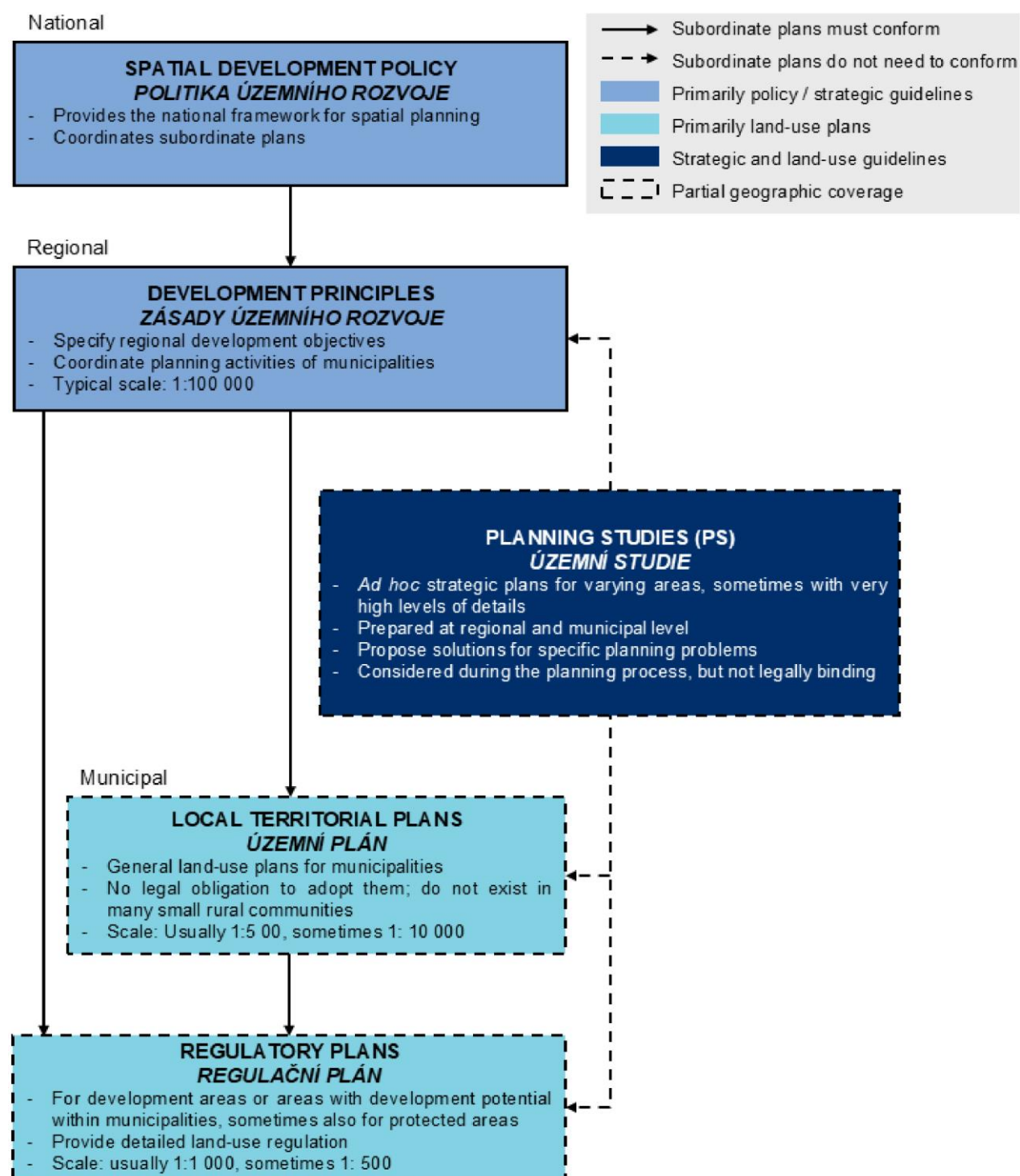
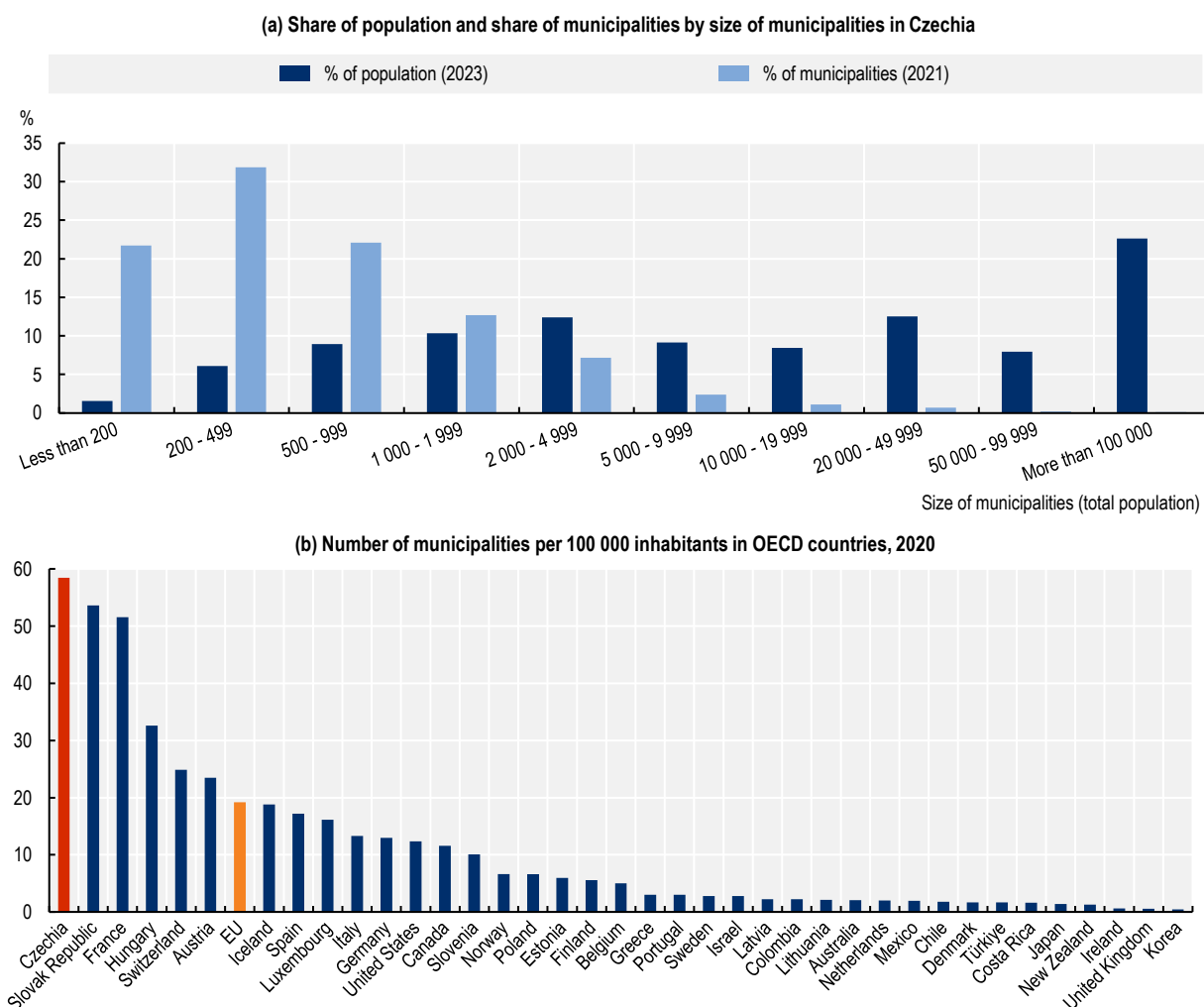
Source: OECD (2017<sub>[23]</sub>).

Figure 2.7. Czechia has a fragmented municipal structure



Source: Panel A: Czech Statistical Office, <https://vdb.czso.cz/>. Panel B: OECD.Stat (2023<sup>[24]</sup>).

Due to the uniform structure of planning instruments despite municipality size, these municipal level instruments suffer from a rigidity that undermines their utility in procuring housing development where it is needed, when it is needed, and in the form it is needed. While municipalities are technically free to design their Local Territorial Plans (LTP) and Regulatory Plans (RP) as they see fit, the “one-size-fits-all” nature of the former and the challenges involved in amending the latter limit their respective capacities to adequately attract housing development in a timely manner that matches the scale and type of demand in larger cities.

For instance, though 95% of municipalities have an LTP, the uniform requirements of the plan regardless of the size of the municipality can prevent large and growing cities from leveraging them to address specific needs in certain defined areas. By contrast, larger municipalities rarely use RPs despite their potential efficacy in establishing a detailed and binding land use plan for a targeted area because of how difficult it is to update them if a shift in demand or context arises after initial approval. Furthermore, the process of procuring these planning instruments can be sluggish, leaving them unable to respond to a rapid shift or spike in demand, especially in a particular neighbourhood or section of a city. The Planning Study (PS) instrument has advantages for municipalities compared to the other two concerning flexibility and

stakeholder coordination, but because it is not binding, developers cannot reliably guide investment based on its results.

Coordination between tools and between stakeholders both suffer as a result of the trade-offs between these three planning instruments available to municipalities, leading to an underserved urban housing market. An improved coordination of these instruments in a way that allows each one to complement the others and mitigate their weak points could make them more effective in the effort to address the housing crisis in Czechia. The trade-offs between the current iterations of these respective instruments at the municipal level, as well as potential ways to enhance their utility to address the housing needs of cities, are analysed below.

### Local Territorial Plans

Per the Building Act, a Local Territorial Plan (LTP) must apply to an *entire* municipality and requires the same amount of detail whatever the city size, resulting in a “one-size-fits-all” structure that can place an administrative and financial burden on larger cities. The costs of coordinating numerous stakeholders and collecting the necessary planning specifications for the LTP of an entire city can be quite heavy for larger and more complex municipalities compared to smaller ones. In addition, the LTP does not permit more granular intra-city planning for specific areas, which would allow a larger city to establish a distinct spatial plan for specific areas where greater detail is necessary based on demand and a broader urban land use strategy. Regulatory Plans are supposed to provide this, but they are often underused by larger, more dynamic cities due to their inflexibility (see section on Regulatory Plans below).

Indeed, LTPs appear to take longer on average to prepare and to process for larger cities compared to smaller ones, which can prevent them from responding nimbly to ever-evolving demand compared to smaller municipalities whose demand for development is usually stabler. As of 2022, the procurement of LTPs for municipalities with 100 000 or more residents took more than 5 years on average, and could exceed 11 years (Table 2.7). Likewise, the average procurement time of LTPs for municipalities with 100 000 or more residents was found to be 6 to 7 years, compared to much shorter average processing times for smaller cities (Institute of Spatial Development, 2022<sup>[25]</sup>).

**Table 2.7. Procurement of LTPs for large municipalities can take between 5 and 11 years (2022)**

Municipality size category	Number of years to develop a Local Territorial Plan											
	0.1-0.9	1.0-1.9	2.0-2.9	3.0-3.9	4.0-4.9	5.0-5.9	6.0-6.9	7.0-7.9	8.0-8.9	9.0-9.9	10-10.9	>11
More than 100 000						1			1			1
50 000-99 999			1		2		2		3			1
20 000-49 999		1	1	6	6	9	7		4	2		2
10 000-19 999		2	4	6	13	16	6	8	4	1	1	
5000-9999		4	12	22	18	15	18	8	10	6	5	7
2000-4999		11	50	68	61	60	40	30	16	15	12	8
1000-1999		32	141	150	105	80	45	39	19	14	9	17
500-999	1	73	251	293	188	127	66	44	24	19	15	21
200-499	8	139	421	366	282	150	88	60	42	24	26	40
do 199	2	105	310	229	152	89	57	28	26	14	9	10
Czechia	11	367	1191	1140	827	547	329	217	149	95	77	107

Source: Institute of Spatial Development (2022<sup>[25]</sup>).

While changes to LTPs for large cities appear to take less time on average (less than 3 years for cities with 50 000 or more residents (Table 2.8), changes to the LTP for Prague, by far Czechia’s largest city, can take far longer. According to the Spatial Planning Authority of the City of Prague, the average duration of



LTP changes in the period 2021-2023 was 5.7 years in the standard process, and 2.8 years in the accelerated process (a legal option via the Building Code). The City of Prague has been procuring nearly all its LTP changes in the accelerated process since 2020; prior to this, the average procurement period for LTP changes was 6.8 years. This suggests that even the accelerated LTP option for larger cities is not quite fast enough to sufficiently respond to updates to demand for urban development.

**Table 2.8. Average duration of processes to amend Local Territorial Plans changes (2022)**

Municipality size category	Number of years to amend Local Territorial Plans											
	0.1-0.9 years	1.0-1.9	2.0-2.9	3.0-3.9	4.0-4.9	5.0-5.9	6.0-6.9	7.0-7.9	8.0-8.9	9.0-9.9	10-10.9	>11
More than 100 000		3	1									
50 000-99 999	2	13	11									
20 000-49 999	18	47	27	15	7			1	1			
10 000-19 999	24	64	53	19	7	8	3	2	1			
5000-9999	56	98	57	27	7	5	2	1				
2000-4999	68	191	102	45	26	16	5	3	1	1		
1000-1999	99	251	125	55	24	8	7	1	1		1	2
500-999	163	338	165	60	43	17	7	4				
200-499	172	349	173	97	30	19	6	5	3			1
do 199	66	159	70	39	10	10	2	1				
Czechia	668	1513	784	357	154	83	32	18	7	1	1	3

Source: Spatial Planning Department of the MRD.

### Regulatory plans

Regulatory Plans (RPs) can be very specific on technical aspects related to building size, density, materials, etc., and have a flexible scope that can apply to any size of land from a single plot to a neighbourhood or even an entire city. These are significant differences from LTPs and could make RPs a useful alternative for municipalities that aim to develop one specific area of a city, rather than update the city-wide LTP. Thus, in principle these facets make RPs effective tools for promoting housing development in specific areas.

However, in contrast to LTPs, which are used by almost all municipalities, Regulatory Plans are seldom used by larger cities to spur housing development in designated areas due to several challenging aspects, including a weak capacity to coordinate stakeholders and difficulty in making changes after initial approval. Though a RP can be quite useful for smaller municipalities with more stable housing demand, it is not agile enough to respond to shifts in demand for large cities that often have a more complex landscape concerning both spatial planning and stakeholders.

The main challenges to effective use of RPs include a lengthy public consultation process, a lack of flexibility after adoption, and a rigidly hierarchical planning system that precludes the adjustment of superordinate plans based on updates to an RP. Each change to an RP triggers a public consultation, which can lead to a long and expensive process that discourages use of the tool. Indeed, RPs cannot be easily changed after initial adoption, even if the change is universally supported among stakeholders. This requires cities to get an RP perfect the first time or endure a cumbersome adjustment process, which is especially difficult with multiple stakeholders and the high level of detail required. Finally, a change to an RP is not possible if it conflicts with an LTP or regional level Development Principle, despite the change being universally agreed to among affected local stakeholders.

Combined, these binding aspects of the RP can result in significant delays between the time a change is submitted and when it is approved, undermining its potential to positively impact the housing market if the needs of an area have dramatically shifted in the meantime. This process can also be prohibitively costly



for developers who cannot always afford to hire and retain planning experts for the entire duration of the procurement process, which can take up to 10 years.

### Planning studies

The Planning Study (PS) instrument has several benefits compared to the LTP and RP, such as its *ad hoc* usage, its flexibility of scope, and its ability to coordinate multiple stakeholders with divergent interests around a coherent strategic land use plan. However, the PS is not legally binding, developers tend to avoid direct investment based on its findings to limit risks, undermining its utility.

The non-binding nature of the PS would not be such a challenge if an informal consensus agreement formed by the PS through stakeholder coordination concerning a given urban area could be formalised through the RP. However, this use of the RP is not practical due to its rigid aspects described in the previous section: in most cases, by the time an RP could be procured and adopted, the context underpinning the PS that the RP is being used to solidify would have changed.

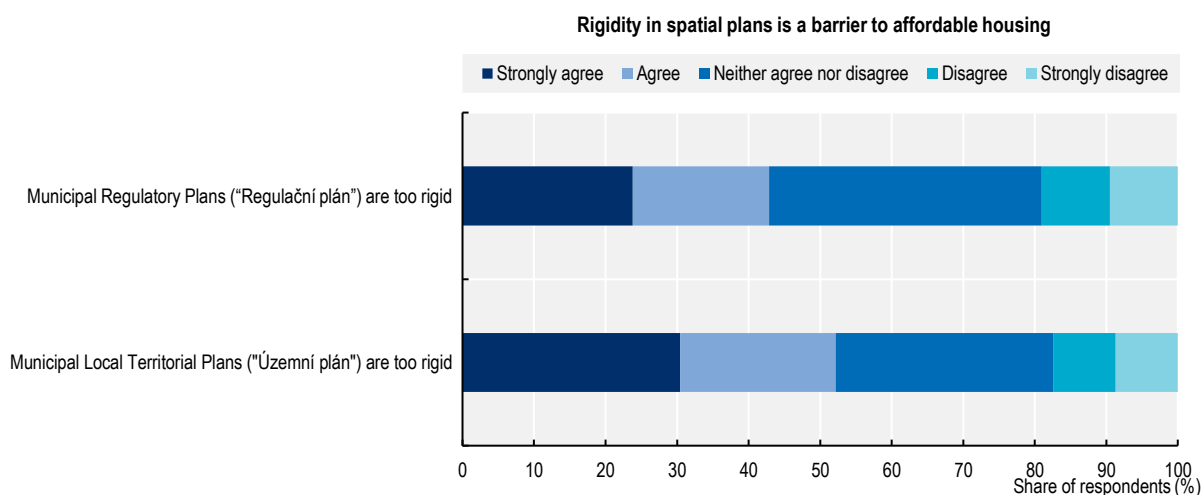
To cope with this poor synchronisation among municipal level planning instruments, Prague has used private contracts (called “planning contracts”, or “*Plánovací smlouvy*” in Czech) to formalise consensus agreements forged between the municipal government and developers via the PS. These private contracts act as *de facto* Regulatory Plans that ensure the PS is adhered to for an agreed upon period. While this is an effective temporary solution, it does not ensure municipal planning instruments complement each other in the long run. In addition to addressing the limitations of RPs mentioned in the previous section, the mutual relationship between the RP and PS could be made more formal to ensure that the respective strengths of each one are leading to more effective land use planning that benefits municipalities.

### *Czech stakeholders have highlighted the rigidity of spatial planning tools*

According to the OECD Stakeholder Survey, just over half of respondents (52%) agreed or strongly agreed that the Local Territorial Plans are too rigid, while 43% expressed the same opinion regarding the Regulatory Plans (Figure 2.8). Reasons cited were that adopting and / or adapting Local Territorial Plans was too lengthy and costly for all relevant actors (local authorities, public and private sectors), which reduced the ability of local planning systems to respond to new demand and slowing down the development of affordable housing.

Building permit processes have recently improved in Czechia. The building permit process has been historically slow and convoluted, and a key obstacle to developers’ response to new demand on the housing market, which was addressed by recent simplification reforms. The permitting process used to require two steps: developers need to first specify the physical characteristics of a building, before providing proof of compliance with various safety standards. The 2021 Building Act unified them into one single step addressing both aspects at the same time. This has sped up the processes, while reducing both the administrative burden for local authorities and the cost for developers. Despite this streamlining, 71% of stakeholders still find the permitting process too long and complex, which can result in developers not being able to respond quickly to new housing demand. The ongoing digitalisation of the permitting process could further help shorten the length of the procedure and alleviate local governments’ capacity issues.

**Figure 2.8 Rigidities in spatial plans are a key barrier to increasing the supply of affordable housing**

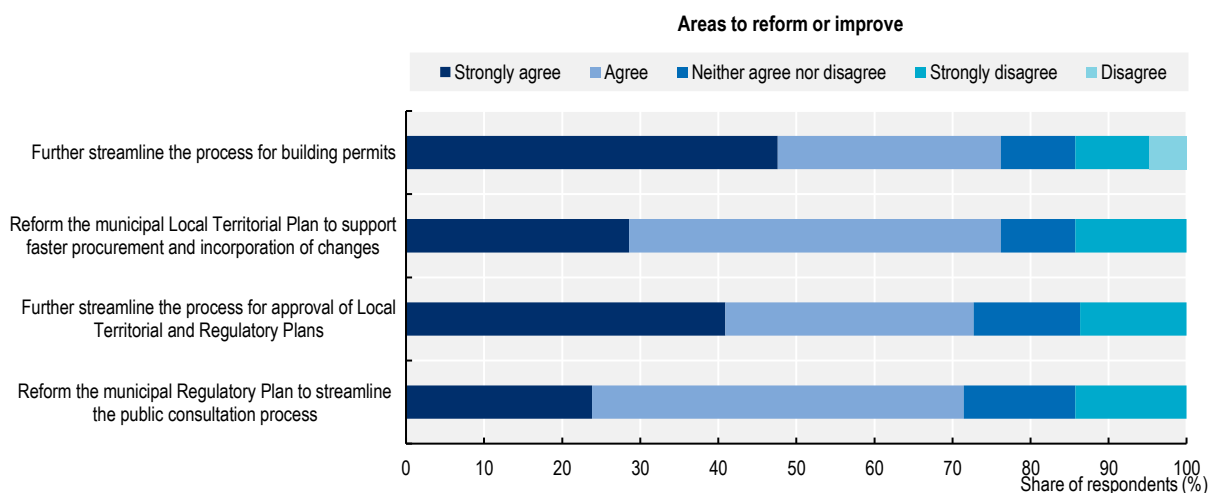


Note: The "Municipal Local Territorial Plans ("Územní plán") are too rigid" category is based on answers to the statement "The structure and requirements of municipal Local Territorial Plans are too rigid to respond to housing demand in cities " (23 responses). The "Municipal Regulatory Plans ("Regulační plán") are too rigid" category is based on answers to the statement "The structure and requirements of municipal Regulatory Plans are too rigid to respond to housing demand in cities" (21 responses).

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia.

Further streamlining administrative processes and reforming spatial planning documents could help accelerate the development of affordable housing development, as agreed by a large majority of respondents to the stakeholder survey (Figure 2.9). This includes further streamlining the process for building permits (76% of stakeholders agreed) – e.g. by limiting reasons to challenge a permit and decreasing review time –, reforming the structure and requirements of the Local Territorial Plans for larger cities to support faster procurement and incorporation of changes (76%), reforming the Regulatory Plans to streamline the public consultation process and make it easier to change in response to demand (71%), and streamlining the process for approval and change of Local Territorial Plans and Regulatory Plans (73%). Moreover, some stakeholders suggested updating spatial planning tools to allocate or reserve land for affordable housing and increasing public participation to support affordable housing development.

**Figure 2.9. Stakeholders support streamlining processes and reforming spatial planning documents**



Note: The question asked to the stakeholders was “To what extent do you agree or disagree that the following possible solutions could lead to leveraging more efficiently land-use and spatial planning tools to support affordable housing development?”. “Reform the structure and requirements of the municipal Local Territorial Plan for larger cities to support faster procurement and incorporation of changes” and “Reform the municipal Regulatory Plan to streamline the public consultation process and make it faster/simpler to change in response to demand received” and “Further streamline the process for building permits (in addition to recent reforms to the Building Act)” received 21 answers, “Further streamline the process for approval/change of Local Territorial and/or Regulatory Plans” received 22 answers.

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia.

### *Experiences related to spatial planning and permitting processes in other OECD and EU countries*

Other OECD countries have implemented comprehensive reforms of their spatial planning tools to address housing affordability needs. New Zealand, which is characterised by low-density cities and increasingly unaffordable housing market, has implemented two key policies to promote urban densification: i) the National Policy Statement on Urban Development 2020 (NPS-UD), which mandates local authorities in major urban areas to increase building height limits within walkable catchments of urban centres and along rapid transit corridors, while also abolishing minimum car parking requirements; and ii) the Medium Density Residential Standards 2021 (MDRS) which requires these authorities to permit the construction of up to three homes of three storeys on any residential lot by default. Through more sustainable and efficient land use, this policy has allowed to curb urban sprawl, restrict low-density housing, and promote urban densification.

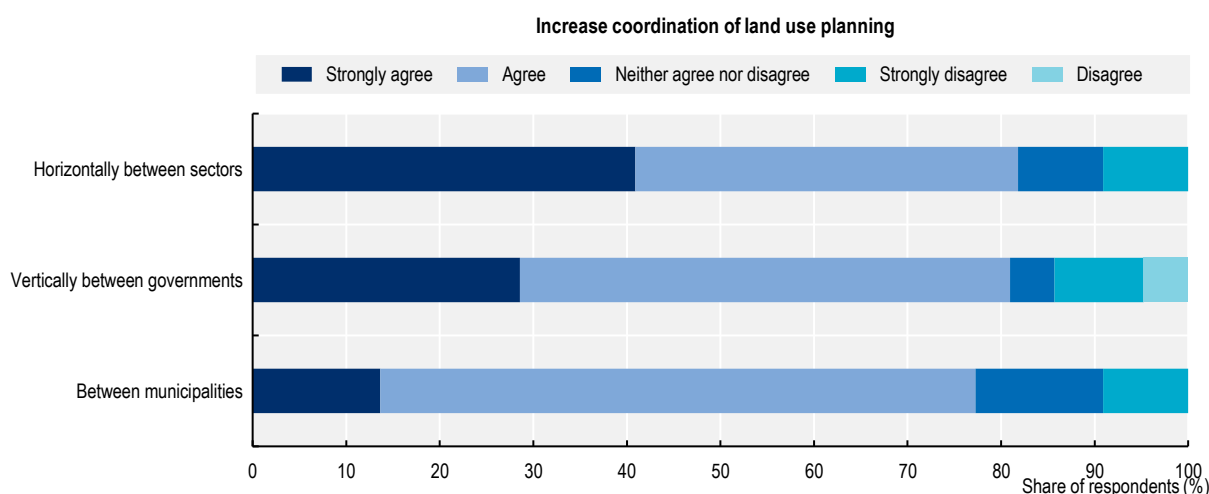
In France, urban planning authorisation applications, including building permit, can be submitted online since 2022 through a streamlined and free platform in order to speed up permitting processes. All municipalities are required to acknowledge receipt of urban planning authorisation forms, including building permits, through this digital platform. Municipalities with more than 3 500 inhabitants also have to *process* these applications digitally. To support this transformation, the government introduced a comprehensive digitalisation programme for land-use regulations, known as Online Building Permits (*Permis de construire en ligne*). This initiative offers a wide range of actions, including simplifying procedures for both users and municipal staff, saving time and costs, improving transparency, and enhancing coordination between services. Ultimately, these improvements led to higher-quality services for users.

### **2.2.2. Improve coordination between different levels of government, sectoral policies, and between municipalities to increase affordable housing production**

*The lack of coordination between different levels of government and actors hinders housing development where needed*

Coordination of local land use planning can be difficult in Czechia along vertical, horizontal, and inter-municipal axes. Fragmented responsibilities and a lack of coordination between different levels of government and policy sectors undermine the ability of subnational governments to leverage land use planning to supply housing (OECD, 2021<sup>[11]</sup>). Nearly two-thirds of stakeholders (65%) in the OECD stakeholder survey reported that a lack of vertical coordination was a barrier to increasing affordable housing provision, while 81% of stakeholders agreed that improving coordination between different levels of governments would help implementing efficient affordable housing policies (Figure 2.10).

**Figure 2.10. Increasing coordination of land use planning with other policy sectors, among different levels of governments and between cities could lead to leveraging more efficiently land-use and spatial planning tools**



Note: The question asked to the stakeholders was “To what extent do you agree or disagree that the following possible solutions could lead to leveraging more efficiently land-use and spatial planning tools to support affordable housing development?”. “Increase coordination of land use planning vertically between governments” received 21 answers, “Increase coordination of land use planning horizontally between sectors” and “Increase coordination of land use planning between municipalities” received 22 answers.

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia.

### Vertical coordination

Vertical coordination is difficult because while the national government has devolved the responsibility and cost of developing local land use plans to municipal governments, the municipal plans must always adhere to regional level Development Principles, which in turn observe the national Spatial Development Policy. This is not necessarily a problem in theory, but in practice it can mean that municipal level plans cannot be sufficiently altered if they conflict with higher level ones.

As discussed in the previous section, a municipality’s LTP must adhere to the regional level Development Principles, and any RP must adhere to that municipality’s LTP. The PS is not binding in any manner. This system of spatial planning does not allow bottom-up modifications, meaning that even if local actors unanimously agree on a change to an RP, or reach consensus on a PS, these changes are not possible if they contradict the presiding LTP and/or regional Development Principles. The LTP and DPs have to be modified first, meaning they cannot be updated in response to modifications to lower-level plans. While LTPs can be updated at any time in order to allow a change to the RP, the process can be lengthy and slow down related development (Table 2.8). Reforming the RP so it can feedback into superordinate land use plans more quickly and strengthening the PS so it can have a greater influence on those same plans, could help mitigate this issue.

### Horizontal coordination

Horizontal coordination of municipal planning is also a challenge, since strategic regional plans focused on economic development are not aligned with spatial plans, despite the interdependency of these competencies. Conflicts and gaps between different policy sectors suggest that a holistic approach to land use that includes all relevant sectors may be more effective than the current sector-based approach. A large majority of respondents (80%) from the OECD Stakeholder Survey reported that horizontal

coordination of municipal planning is insufficient, while 82% agree on the added value of increased coordination of land-use planning with other policy sectors (Figure 2.10).

Most municipalities lack a housing policy framework altogether. When municipalities do have a housing strategy, it is not usually coordinated with the spatial plan. The lack of coordination in the development of key amenities (e.g. housing, schools, office buildings, etc.) with public transport and structure contributes to urban sprawling, leading to an inefficient use of land, increased commuting time for workers, and greater emissions due to private car use. Coordination between sectors is further hindered by the narrow definition of “infrastructure” by Building Authorities, which does not take the broader regional context into account, including housing issues, making their contributions to land use and spatial plans incomplete. These plans could for instance take into account housing demand, school capacity, transport connectivity, and infrastructure such as electrical grids and the water supply at the regional level.

Fostering horizontal coordination, in particular coordinating housing and spatial strategies, could help incentivise housing development where it is most needed, removing a key barrier to social housing development (an underdeveloped segment of the housing market), and facilitating additional supply of multi-family rental housing stock in the location and form it is needed. Horizontal coordination between land use and other policy fields such as transport and the environment is also necessary to reach broader planning goals of sustainable and compact urban development.

Another obstacle to effective coordination of local land use plans is the longstanding view that housing is a private and individual concern, as both municipalities and voters appear sceptical of coordinated development according to the 2024 OECD Stakeholder Survey. There seems to be strong ideological opposition to coordination of housing development in the country since the fall of communism, resulting in Not-In-My-Backyard (NIMBY) resistance to policies that would enable better spatial planning and coordinated land use, including in the context of housing development.

### **Inter-municipal coordination**

With 58 municipalities per 100 000 inhabitants, Czechia has the most fragmented municipal landscape among all OECD countries (Figure 2.7). This administrative fragmentation at the local level hampers effective local strategic planning. The existence of many small municipalities impedes planning at the right scale and makes it difficult to ensure that municipalities have sufficient capacity to plan their development effectively and strategically. To face this issue, various cooperation mechanisms exist in Czechia, but have been underutilised in the domain of housing. Intermunicipal cooperation is ensured by the 205 municipalities with extended powers (*Obec s rozšířenou působností*), which are larger municipalities in charge of functions delegated by the central government for particular catchment areas. The central government finances these services through grants. Smaller municipalities can also delegate additional functions which they do not want or cannot perform because of capacity constraints to municipalities with extended powers (OECD, 2019<sup>[26]</sup>).

The Czech Republic 2000 Act on Municipalities has established other types of cooperation and coordination between municipalities, including Voluntary Municipal Associations (VAMs). VAMs can be founded by two or more municipalities, which do not have to be neighbouring. The main competencies of VAMs are water and sewage management, followed by waste management. There were 702 active VAMs in 2022 (OECD, 2023<sup>[27]</sup>), and their expenditures in the area of housing and communal services have increased in the past decade. There is still untapped potential for intermunicipal collaboration on housing, and municipalities could be further incentivised to pool resources by implementing planning instruments at a larger scale encompassing municipalities and their functional area (OECD, 2012<sup>[28]</sup>).

While regional governments provide Development Principles as a framework for municipal level land use planning, the coordination of municipal level planning between municipalities was broadly considered difficult as well by surveyed stakeholders, particularly relative to housing. Coordination between municipalities is crucial, as neighbouring municipalities often face similar or interconnected challenges

while often sharing the same infrastructure, at least partially. A municipal plan developed in isolation from neighbouring municipalities' plans is less effective in addressing local housing challenges and limits opportunities for resource and capacity sharing among municipalities. This can lead to duplication of efforts by municipalities and a suboptimal use of resources. The challenge of intermunicipal coordination, especially on housing policies, was already raised in the 2021 OECD-MMR survey, in which 89% of Czech municipalities reported that there was no intermunicipal coordination on housing policies (OECD, 2021<sup>[22]</sup>). Similarly, 70% of stakeholders in the 2024 OECD Stakeholder Survey agreed that coordination remains insufficient, while 77% agreed that enhanced coordination between municipalities could foster more affordable housing development (Figure 2.10).

To increase intermunicipal cooperation, considered crucial to overcome Czechia's fragmented territorial governance, the Ministry of the Interior has prepared an amendment to the Act on Municipalities to establish the Institute of Community of Municipalities (*Institut Společenství obcí*). The Institute was designed to enable better cooperation between municipalities, supporting more efficient planning, reaching economies of scale, and implementing local initiatives. In particular, the creation of "flying officials" shared by the member municipalities is intended to help reduce administrative burdens and costs, and increase the quality and efficiency of decision-making. (OECD, 2023<sup>[29]</sup>).

In addition to this effort to facilitate cooperation among municipalities, stakeholders in the housing, planning and development sectors are currently undertaking a Planning Study commissioned by the Ministry of Regional Development in the metropolitan area of Prague and its surroundings, though the study results will not be binding. The Prague Institute of Planning and Development (*Institut plánování a rozvoje hlavního města Prahy* – IPR) is also working with the Ministry of Interior to encourage and facilitate cooperation among different levels of government, which remains a major challenge.

#### *Practices related to coordination between municipalities and across planning levels and policy sectors in other OECD and EU countries*

Like Czechia, France has a very fragmented municipal structure, with more than 36 000 municipalities. In order to promote urban and territorial planning at the scale of the functional area, strengthen the capacities of cities and optimise their budgets by pooling their resources, France established intermunicipal cooperation bodies (*Établissements publics de coopération intercommunale* – EPCI). The nature of the EPCI is determined based on population size, and in turn defines the EPCI's responsibilities and access to government funding through the General Operating Grant (*Dotation Globale de Fonctionnement*), which is the main funding channel of local governments. Smaller *Communautés de communes* serve rural areas, while *Communautés d'agglomération* (more than 50 000 residents) and *Communautés urbaines* (more than 250 000 residents) take on more advanced responsibilities, such as economic development and urban planning. *Métropoles* (more than 400 000 residents) have extensive powers, including overseeing transport and social policy, thereby driving regional growth.

EPCIs bring together several municipalities which delegate, among other, planning and housing powers to the intermunicipal organisation to improve the coherence of these policies across the territory. EPCIs are specifically responsible for designing and implementing intermunicipal spatial plan (*Plan local d'urbanisme intercommunal* – PLUi), which can integrate a housing section (PLUi-H), improving both intermunicipal and horizontal coordination. The establishment of EPCI is mandatory throughout the French territory, as well as the transfer of some responsibilities (spatial planning, economic development, waste management, etc.) from the municipalities to this intermunicipal organisation – the nature of these responsibilities depends on population size. In 2025, French municipalities were grouped in 1 254 EPCIs.

France also implements coordination between urban and housing strategies at the national level. The National Agency for Urban Renewal (*Agence Nationale pour la Rénovation Urbaine* – ANRU) promotes vertical and horizontal coordination by creating partnerships between public actors (national and local governments, social housing provider, public land management agency, etc.) to implement the demolition

and reconstruction of buildings, the rehabilitation and construction of housing and community facilities, as well as the transformation of public spaces.

The establishment of national discussion forums can also improve coordination across planning levels and urban policy sectors. Austria for instance established the Austrian Conference on Spatial Planning (*Österreichische Raumordnungskonferenz – ÖROK*) in 1971, which is a national organisation overseeing coordination on spatial planning policies between the three levels of government. Its members include representatives from all levels of government (national, regional, municipal) as well as economic and social partners in an advisory capacity. Every ten years, the ÖROK revises the Austrian Spatial Development Concept, which is designed to account for the spatial diversity of Austrian cities.

In Italy, inter-governmental coordination mechanisms are also well developed. The main institutional mechanisms are the Conferences, which are forum for discussion and coordination across vertical levels of governments (e.g. the Conference of State-Regions; the Conference of State-Cities and Local Autonomies; and the Joint Conference of State-Regions-Municipalities and Local Authorities. The three conferences are held at the Presidency of the Council of Ministers). The Conference of State-Cities and Local Autonomies (*Conferenza Stato-città ed autonomie locali*), for instance, is presided by the President of the Council of Ministers and gathers the minister of Interior, the Minister of Regional Affairs, the Directorate General of the Treasury, the Minister of Finance, the Minister of Infrastructure, the Minister of Health, the president of the Association of Italian Municipalities, the president of the Association of the Italian Provinces, the president of the Association of Italian Mountain Communities, 14 mayors and 6 presidents of Provinces. The conference coordinates the relations between state and local authorities, as well as studies and discusses issues pertaining to local authorities.

### **2.2.3. Land-based finance tools are rarely used to support housing affordability objectives**

#### *Land-based finance: definition and potential use for affordable housing provision*

Land-based finance (LBF) can be an important tool to provide resources for affordable housing in locations with strong housing demand. It enables local governments to recover land value increases resulting from public infrastructure provision (e.g. a new metro line) and changes in land-use regulations (e.g. newly buildable land, higher FARs). Value uplifts can be substantial and can be used to pay for affordable housing construction. The strength of LBF instruments is twofold:

- They tap windfall profits for landowners. Therefore, the proper use of LBF instruments does not have an impact on incentives and costs, such as housing costs.
- Value uplifts are strongest where real estate markets and housing demand are dynamic and where social housing is needed the most, and where it would cost governments the most to provide social housing in the absence of LBF.

Several land-based finance tools can support housing affordability objectives (Box 2.8). The use of land-based finance tools by local government can also strengthen incentives for development. Where there is overreliance on the resources such tools provide there may be risks of overdevelopment (OECD/Lincoln Institute of Land Policy, PKU-Lincoln Institute Center, 2022<sup>[20]</sup>).



## Box 2.8. Developer obligations, strategic land management, land readjustment, charges for development rights and the infrastructure levy: definitions and potential use for affordable housing provision

### Developer obligations

Developer obligations mainly apply when developers seek development approval or special building permissions. The obligations can consist of cash or in-kind contributions designed to defray the costs of new or additional public infrastructure and services that private development requires. Some countries require developers to build affordable housing that is sold or rented below market price in exchange for development approval. This practice, called “inclusionary zoning” or “inclusionary housing”, can be viewed as a form of developer obligation. The contributions, such as the number of affordable units that developers have to build, can be either negotiated between local governments and developers or calculated using a fixed formula.

In Korea the developer obligations are mandated by national law and are used to compensate for the impact that the new development or development at higher density will have on local infrastructure and public service demand. Small development projects may be exempt. Charges are either rule-based or negotiated. Being incorporated into the planning system, these obligations are consistently enforced.

### Strategic land management

With strategic land management, governments buy land or use existing land holdings to recover increasing values from them, which can in turn be used to fund public services and infrastructure, such as affordable housing. If governments acquire land at pre-development prices, they can fully recover land value increases that are due to public development or changes in land-use regulations. Governments can recover land value gains with the sale or lease of rezoned and developed plots, which have a higher value. Similarly, governments can lease usage rights, recovering value increments through higher rents.

Strategic land management (called Active Municipal Land Policy) plays a crucial role in housing policy in the Netherlands. The instrument is mainly used in the largest cities of Amsterdam, Rotterdam, The Hague and Utrecht. The legal basis is defined in “Besluit Begroting en Verantwoording Provincies en Gemeenten” (BBV) and the “Mededingingswet” (Competition Law), which outlines conditions for how municipalities must act as market players in the land market. Typically, local governments acquire vacant, abandoned or unproductive land through debt financing, in advance of needs for the purposes of urban development, spatial planning, and capture of capital gains. They purchase land at either market price or reduced price. After rezoning, municipalities service the land through physical preparation and the building of public spaces and infrastructure. Local governments recover initial investments through the sale or lease of the developed plots.

### Land readjustment

Land readjustment is where privately-owned, contiguous land plots are pooled and developed jointly. It is often accompanied by zoning changes or relaxed density regulations so that newly developed land becomes more valuable. In turn, landowners provide a share of their plots for public infrastructure and services, such as public roads, utilities, parks or affordable housing. Landowners are returned a smaller plot that is nonetheless more valuable due to the improvements made. Land readjustment can be initiated by local governments or private landowners. The instrument is referred to as “land pooling” in some countries.

In Japan, an average of 870 land readjustment projects are conducted yearly. Land readjustment projects can be initiated by governments, special public bodies, private entities, landowners and

leaseholders. Land readjustment first needs the consent of at least two-thirds of involved landowners and leaseholders. 30-40% of readjusted plots are reserved for public improvements including infrastructure and utilities. The readjusted areas also typically include publicly owned plots for sale, which are used to recover development costs.

### **Charges for development rights (density bonus)**

Charges for development rights may be levied to build at a higher density beyond an established baseline that is defined by a jurisdictional ordinance or regulation. Thus, they require clear, predefined land-use and zoning regulations that set baseline and maximum densities. Developers may also be charged for development rights when governments change zoning or relax density regulations. In some cases, development rights, for example to protect new nature reserves, can be transferred to a different plot better suited to higher density development. Usually, the types and amounts of cash or in-kind charges are defined in advance in ordinances or local regulations. The revenues from charges for development rights could be used to fund affordable housing construction. Charges for development rights, as defined in the OECD-Lincoln Institute “Global Compendium of Land Value Capture Policies, are typically known as “density bonus” in English-speaking countries.

In Canada some local governments may implement charges for development rights which are locally known as density bonusing. Developers who make a request to build at higher density have to pay a combination of cash and in-kind provisions, such as day care facilities, subway station connections and affordable housing units. The contribution may vary according to the zone. If the contribution is affordable housing units, they must be built on-site and be comparable to market-rate ones, in terms of size, design standards and amenities. For units to be rented or sold at affordable prices, the project must have a minimum share and size of units, which can vary by jurisdiction and zone. Beneficiaries are households eligible to social welfare programmes

### **Infrastructure levy**

An infrastructure levy is a tax or fee levied on landowners possessing land that has gained in value due to infrastructure investment initiated by the government. The government identifies the catchment area in which landowners are deemed to benefit from public works who then need to pay the levy. The amount of the levy should be based on the land value benefit obtained and can be either a one-time payment or payable over a longer period. The infrastructure levy can cover the provision of affordable housing when the increase in land value due to public infrastructure investment outweighs the infrastructure’s cost. For example, the levy can pay for the construction of affordable housing along public transport lines. Other common terms for the infrastructure levy include “betterment contribution”, “betterment levy” or “special assessments”.

Colombia's infrastructure levy, established in 1921, funds public roads, transport, utilities, and green spaces, mainly in large and mid-sized cities. The levy typically covers project costs and may be tied to land value increases, which many landowners prefer. Affected landowners are identified using market-based methods, and payments are calculated based on distance, location, size, quality, and property value.

Source: (OECD/Lincoln Institute of Land Policy, PKU-Lincoln Institute Center, 2022<sup>[20]</sup>).

## *Use of land-based finance tools in Czechia*

Czechia rarely uses land-based finance tools to provide affordable housing – as well as land-based finance in general (Table 2.9). This is mainly due to inadequate legislation and municipalities’ lack of technical capacity.

Table 2.9. Land-based finance tools to provide affordable housing in Czechia

Tool	Local name	National legal provisions	Implementation	General use	Use for affordable housing provision
Developer obligations	<i>Plánovací smlouvy</i>	Sections 130-132 of the <i>Building Act 283/2021</i> (in force from 2024 onwards)	Regional governments, municipalities and building offices (who issue planning and building permissions)	Occasional	Rare
	<i>Poplatek za zhodnocení stavebního pozemku možností jeho připojení na stavbu vodovodu nebo kanalizace</i>	Act 565/1990 on local fees			
Strategic land management	None	No	Municipalities	No	Rare
Land readjustment	<i>Dohoda o parcelaci</i>	Section 43 of the <i>Building Act 183/2006</i> (in force until 2024). The new <i>Building Act 283/2021</i> (in force from 2024 onwards) does not include land readjustment	Municipalities and landowners	Previously rare	No
Charges for development rights (density bonus)	N/a	No	N/a	No	No
Infrastructure levy	N/a	No	N/a	No	No

Sources: OECD/Lincoln Institute of Land Policy (2022<sup>[20]</sup>).

*Developer obligations are mostly used to cover public infrastructure needs but not affordable housing*

### Legislation for developer obligations is inadequate for affordable housing provision

In Czechia, municipalities use developer obligations to cover the public infrastructure needs generated by private development of land. Usually, developers have to provide part of the public utilities and roads within the new development areas, but rarely affordable housing (OECD/Lincoln Institute of Land Policy, PKU-Lincoln Institute Center, 2022<sup>[20]</sup>). Developers seeking approval for new development or for changes in Local Territorial Plans or Regulatory Plans may enter into a planning contract (*plánovací smlouvy*) with municipalities. Planning contracts are negotiated on a case-by-case basis with developers and may or may not require the provision of infrastructure or payment of a fee by developers, depending on municipalities' negotiating power.

In the past, planning contracts have been rarely used. The 2021 Building Act (implemented since 2024) aims to broaden their use, allowing municipalities to use them for any type of development approval, not only for Local Territorial Plan or Regulatory Plan changes. But weaknesses remain. For example, the requirement attached to planning contracts to provide public infrastructure or pay a fee expires six years after the approval of new development or changes in the Local Territorial Plan or Regulatory Plan. Since planning contracts are subject to developers' approval, developers may prefer waiting for the planning contracts' requirements to expire rather than committing to infrastructure obligations.

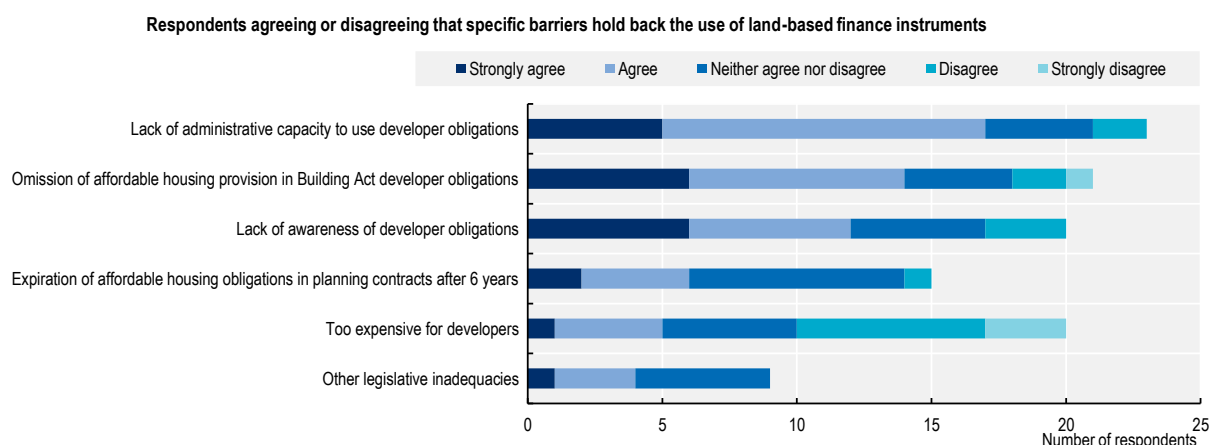
The Building Act does not mention that planning contracts can require a share of housing units in new developments as affordable units, although inclusionary zoning could legally be used since July 2024, if affordable rental housing is provided following the affordable housing definition from the State Investment

Support Fund (SISF, see more details in Box 2.3 in section 1.1.1). However, this rarely occurs in practice. Currently, municipalities, when they change a Local Territorial Plan or Regulatory Plan at the request of private developers, sometimes try to negotiate that developers build some housing units that are then transferred into municipal ownership as social housing. But this is rarely achieved. Most small municipalities do not have the capacity to negotiate with developers. When developers build (or pay for) affordable housing units to obtain development approval, the affordable units are built on-site, within the boundaries of the market-rate project for which development approval is issued.

Another important reform direction would be to set the required number of affordable units that developers have to build, based on the increase in land value from development approvals, to fully exploit the potential for affordable housing provision. Land-based finance instruments are also better accepted by developers and landowners when they are charged in relation to the value uplift as the benefit is more visible, as opposed to when they are charged to simply cover the costs of public improvements.

While lack of administrative capacity is the main barrier to the use of developer obligations notably for social housing (Figure 2.11), most respondents to the OECD stakeholder survey also reported that the lack of reference to the use of developer obligations for social housing in legislation and the lack of awareness of this potential instrument to provide social housing are barriers. The Building Act does not specifically mention that local governments can require a share of housing units in new developments as affordable units. Inclusionary zoning could legally be used. However, this rarely occurs in practice. Currently, municipalities, when they change a *Local Territorial Plan* or *Regulatory Plan* at the request of private developers, sometimes try to negotiate that developers build some housing units that are then transferred into municipal ownership as social housing. But this is rarely achieved. When developers build (or pay for) social housing units to obtain development approval, the affordable units are built on-site, within the boundaries of the market-rate project for which development approval is issued.

**Figure 2.11. Barriers to the use of developer obligations for social housing**



Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia.

### Public land is rarely managed strategically to provide affordable housing

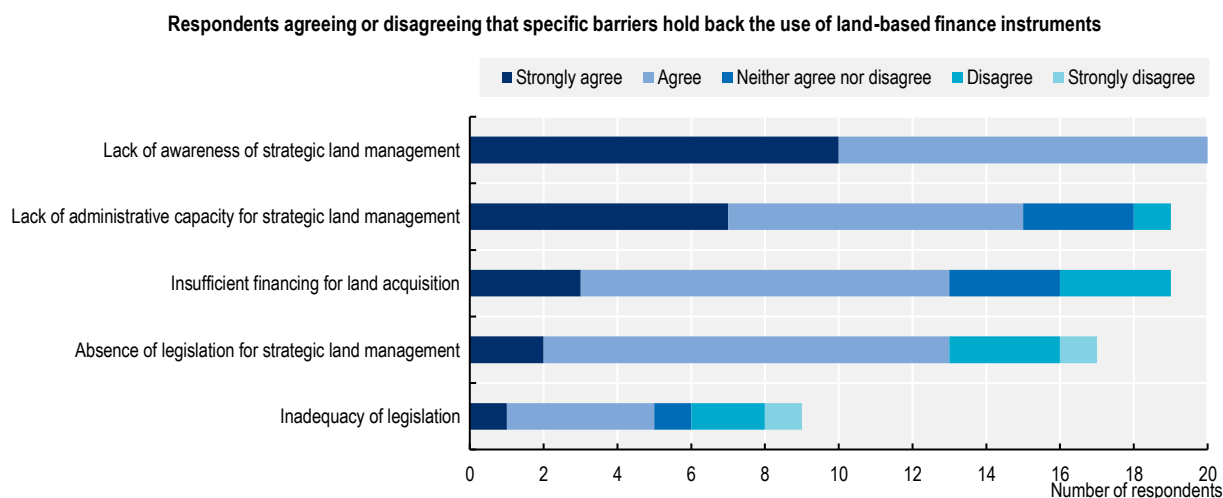
The national government and municipalities sell publicly owned land to private entities with no affordable housing requirements. In particular, this occurs in municipalities experiencing outward migration and declining house prices, as they try to retain landowners and economic activity. Ostrava is one of the few Czech cities that manages public land strategically to provide affordable housing. It does so by selling plots to private developers, repurchasing 10% of flats back at a reduced price and making them affordable (at 75% of the market rent). Municipalities may also lack financing for the acquisition of land. Legislation does

not allow them to buy or expropriate land at the price before the announcement of a public investment or zoning change when the market price has already priced in the effect of a public investment decision or a zoning change. Opening up the possibility of buying at predevelopment prices allows to recover the increase in land values that public investments or zoning changes generate.

Land readjustment, charges for development rights (density bonus) and the infrastructure levy are not used and do not have a legal basis in Czechia. These LBF tools can also be used to the benefit of social housing. For example, owners of land adjacent to the stations of a new railway line may see the value of their land rise and could be asked to provide social housing when developing their land. Land readjustment was included in legislation until 2023 for brownfield redevelopment and the conversion of rural to urban land, but not for affordable housing provision. It was rarely used, mainly because all landowners had to consent, which has proved unrealistic especially when land ownership is fragmented. The new Building Act, in force from 2024 onwards, dropped the instrument. In many countries, only a share of landowners – typically between 50% and 75% – or landowners who own a certain share of the readjustment area need to consent to initiate a readjustment project. Expropriation can be a fall-back option if some landowners do not consent. Charges for development rights (density bonus) and the infrastructure levy do not have a legal basis in Czechia.

As the results of the stakeholder survey suggest, multiple barriers would need to be addressed to expand the use of strategic land management (Figure 2.12). These include lack of awareness, limited administrative capacity, financing constraints and absent or inadequate legislation. Given that acquiring land prior to development at a lower cost potentially reduces the cost of social housing provision to the government, eliminating such obstacles could increase the availability of social units and meet community needs more effectively.

**Figure 2.12. Identified barriers to the use of strategic land management for social housing**



Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia.

### *Practices related to land-based finance in other OECD and EU countries*

#### **Laying out affordable housing requirements on developers in legislation**

In Belgium, the Brussels-Capital Region and city of Ghent in the Flemish Region are both working on including affordable housing requirements in local land-use plans. This would avoid the need to negotiate such requirements on a case-by-case basis with developers, which makes their implementation dependent

on municipalities' political will and negotiating power. This also holds back affordable housing requirements in Czechia. This also helps provide clarity to developers. In Ghent, developers and citizens participate in the local land-use planning process through consultation, which helps to build consensus. Developers also have an incentive that a local land-use plan gets approved, to be able to develop land, and therefore may be more willing to accept developer obligations if they are included in spatial plans.

Several OECD countries have successfully used developer obligations to improve housing affordability in the most expensive cities, such as several major cities in Germany. For example, since 2020, the city of Frankfurt not only requires the provision of 30% affordable rental units in greenfield housing developments, but also the provision of 10% affordable owner-occupied units, 15% co-operative units and 15% free-market rental units (OECD, 2021<sup>[11]</sup>). Similarly, some Belgian municipalities, in particular in Flanders and the Brussels-Capital Region, use “urban planning charges” to require that developers provide up to 25% of housing units in new developments as affordable units.

Municipalities often prefer that developers provide affordable housing directly. This helps reduce transaction and agency costs. Developers may also have an interest in providing “good” social housing that is well integrated in the new neighbourhood, as well as infrastructure, to sell their developments better.

### **Affordable housing requirements should be based on the increase in land value from development approvals**

In Israel for example, to estimate the value uplift of plots that are granted development approval, municipalities obtain an appraisal by a legally certified real estate valuer. The appraisal is based on the site-specific market value of land, using relevant criteria as determined by the real estate valuer. If developers contest the amount, they may request a second appraisal by a nationally appointed valuer among a list of highly experienced real estate valuers. These must cease private practice and are certified to decide on appraisals contested by private parties and municipalities. Finland and Colombia are further countries that set land-based finance charges in relation to the increase in land values (OECD/Lincoln Institute of Land Policy, PKU-Lincoln Institute Center, 2022<sup>[20]</sup>).

Affordable housing requirements are especially suitable for urban areas where housing prices and the need for affordable housing are particularly high. Moreover, in these areas land value uplifts from rezoning greenfield land as buildable land or from granting development approval are also likely to be particularly large. Such requirements should therefore be the larger the value uplifts from development approvals. In Belgium for example, municipalities can require a fixed fee of EUR 50 per privately developed square metre, which may be too low in urban areas where land prices are high.

However, affordable housing requirements need to be used more carefully in contexts where housing prices are less high. To avoid unintended consequences, it is important that developer obligations and other land-based finance tools are adapted to the local context (OECD, 2021<sup>[11]</sup>). Giving developers time to build affordable units, as well as granting exemptions – for example for small developments or projects with a social purpose – may also help make developer obligations more socially and politically acceptable.

### **Public land should be managed strategically to provide affordable housing**

In areas facing high housing demand, municipalities can use their land for affordable housing provision. This can be achieved by entering into joint development agreements with private developers or not-for-profit housing providers. Municipalities can view public land as a strategic resource that can play a role in providing affordable housing in the future. Integrating affordable housing requirements in infrastructure investment and other urban planning decisions can help enable the future use of municipal land for affordable housing development. Decisions to buy and sell public land should take into account the potential value of land for municipalities in the future, after urban planning and infrastructure investment decisions which may raise its value (OECD, 2021<sup>[11]</sup>).

Strategic land management can facilitate the acquisition of public land at lower cost for affordable housing. In France for example, many municipalities manage land strategically for urban development purposes, including affordable housing construction. Municipalities and land agencies can buy or expropriate land at the price before the announcement of a public investment or zoning change, which allows to recover the increase in land values that public investments or zoning changes generate. Typically, municipalities and land agencies then sell the land to community land trusts (*Organismes de Foncier Solidaires* – OFS) for affordable housing construction. The national and municipal governments increasingly create national and local public land agencies to buy and manage land for affordable housing construction. The national government and municipalities also lease their land to encourage development with a public purpose, including affordable housing construction. The government recovers investments in land purchase through the sale or lease of rezoned plots (OECD/Lincoln Institute of Land Policy, PKU-Lincoln Institute Center, 2022<sup>[20]</sup>).

An innovative approach to use strategic land management for the provision of affordable housing is the *Bail réel solidaire* (BRS) in France. Established in 2017, the BRS is a property demarcation tool that separates land ownership from property rights on housing to support affordable housing for middle-class households. Under the BRS, the OFS act as non-profit public or private organizations repurchasing land the government has acquired through its strategic land management and use it to provide housing. The OFS retains ownership of the land, while households acquire property rights to their new homes through a lease, allowing them to acquire ownership rights at a reduced price (25-40% lower than market price). Eligibility criteria limit access to the BRS to households below predefined income levels. The expectation is that housing offered under BRS will avoid speculative real estate dynamics. The land remains on the balance sheet of the OFS where it serves as collateral for loans the OFS can take to fund its housing investment. The OFS have access to subsidized public loans. The key innovations of the BRS system are:

- Perpetual lease: while the lease duration is limited, it can be resold. Upon resale the lease resets to its original duration.
- OFS exclusively manage the BRS and ensure eligibility criteria are met.

#### **2.2.4. Enhancing technical and human capacity of local governments would help implement efficient planning processes**

*The limited capacity of local governments leads to an ineffective planning process*

Securing enough expertise and staffing related to land use planning remains a challenge for public authorities in Czechia, including among Building Authorities. In Prague, the country's political, cultural, and economic hub with 1.3 million residents, there is only capacity to process five Planning Studies per year, despite intense and rising demand for more housing. As seen previously, these Planning Studies formalised *via* private contracts between the city of Prague and developers have recently been used as *de facto* Regulatory Plans. There is a mismatch between the complex requirements for processing a Local Territorial Plan (LTP) or modifying a Regulatory Plan (RP), and the limited capacity of local Building Authorities to handle these changes – greatly limiting municipalities' ability to use land-use tools to promote affordable housing. The planning capacity of larger municipalities could be improved by providing additional resources to Building Authorities, relaxing LTP requirements for cities above a certain size, and simplifying the process to amend RPs.

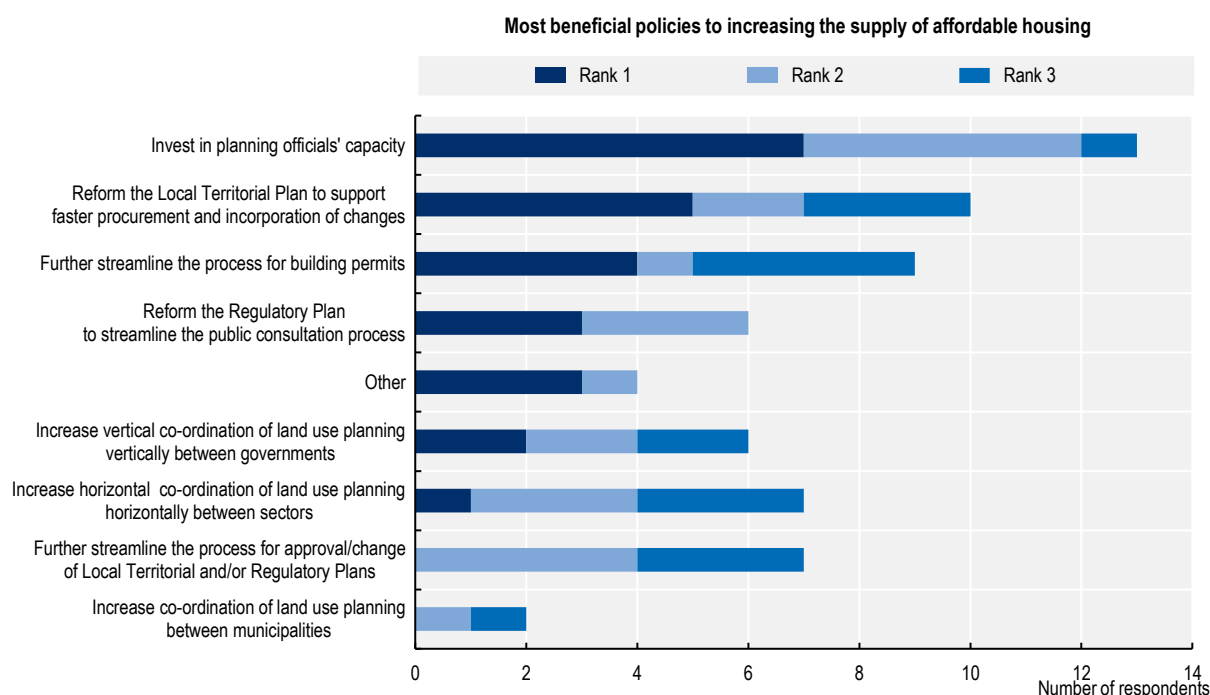
Increasing public authorities' capacities, including those of Building Authorities, is crucial to help municipalities implement efficient spatial planning, process building permits, and support public and private developers in their housing developments projects. In Czechia, municipalities are responsible for issuing planning permission, urban planning and zoning. However, a lack of capacity within municipalities to effectively exercise these powers is considered a major barrier to affordable housing development, particularly in smaller municipalities. Some municipalities lack digital, technical and conceptual expertise



within their administration, which prevents them from implementing useful land use tools such as developer obligations (see section 2.2.3 for details on developers' obligations), or from digitalising building permit processes.

Two-thirds of the respondents to the OECD Stakeholder Survey identified the lack of municipal capacity and expertise as a major barrier to provide affordable housing, citing issues such as a lack of technical expertise due to labour shortages (partly due to low salaries), budget constraints, and insufficient local powers for strategic land management (e.g., pre-emptive rights to buy land). These limited capacities are also linked to the lack of data, particularly demographic information about the local population. The current design of the tax system also does not require people to register their current primary residence, further limiting the available information on housing vacancies for municipalities (see below in this chapter section 2.3.1 for details on Czech housing taxation). The lack of data has consequences on cities' spatial planning and their assessment of housing needs and of demand for public services (e.g. transport, schools, hospital, etc.) (OECD, 2021<sup>[11]</sup>). The stakeholder survey results also displayed strong support for improving local capacity and expertise of planning teams in larger cities (70 % of stakeholders agreed), which was perceived as the most beneficial policy solution to leverage land-use and spatial planning to increase the supply of affordable housing, with 54% of stakeholders ranking this solution first (Figure 2.13).

**Figure 2.13. Investing in planning officials' capacity is the most supported measure to increase the supply of affordable housing**



Note: The question asked to the stakeholders was "Please rank up to three policy or support measures that would be most beneficial to increasing the supply of affordable housing, including social and municipal housing."

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia.

To enable municipalities to use inclusionary zoning, strategic land management and other land-based finance instruments, the national government could provide a legal framework, adequate administrative support and accurate cadastre data. Municipalities, in turn, would need to develop the expertise and administrative capacity within their planning departments to effectively use the tools at their disposal. In particular, municipalities could to strengthen their capacity to develop effective land use plans, conduct

land valuation and use their planning powers to engage proactively with developers to steer housing development in the desired direction (OECD (2021<sub>[11]</sub>)).

*Practices related to coordination between different levels of government in other OECD and EU countries*

In Belgium, similar to many OECD countries, the lack of technical capacity at the local level is a key obstacle to effective land use, spatial planning and land-based finance policies. As a response, Wallonia has rolled out a strategy to subsidise municipalities to hire a spatial planning and housing policy expert (*Conseiller en aménagement du territoire et de l'urbanisme*). These experts are integrated into the local public administration and provide guidance and train municipal staff in these topics. This strategy has so far proved effective in increasing local technical capacity and could be replicated in Czechia.

Additionally, including topics related to spatial planning and land-based finance tools into civil servant training and university curricula could further promote an urban and spatial planning culture. In particular, curricula could focus on the compatibility of land-based finance instruments with private property rights, improving their political acceptance in the long run as laid out in the OECD-Lincoln Institute *Global Compendium of Land Value Capture* policies.

Czechia could draw inspiration from the Palladio Institute for advanced studies on real estate and the city (*L'Institut Palladio des Hautes Etudes sur l'Immobilier et la Cité*), established in France in 2011<sup>8</sup>. This institute aims to train real estate and urban development professionals to address current and future challenges, whether economic, environmental, social, or societal. Similarly, in Mexico, more than 50 municipal planning institutes (*Institutos Municipal de Planeación* – IMPLAN) have been established in the largest cities of Mexico (e.g. Puebla, Tijuana, Guadalajara, Ciudad Juárez, etc.). These institutes work on a wide variety of topics increasing municipal capacity in issues such as housing, transport, urban planning and sustainable urban development. They also contribute to give continuity to long-term investment projects – going beyond the short municipal term (OECD, 2015<sub>[30]</sub>).

### **2.2.5. Recommendations to unlock the development of affordable housing through more efficient spatial planning governance and land regulation**

*Leveraging local planning tools to boost affordable housing supply in high-demand areas and promote compact urban development*

The Czech authorities could consider the following policy actions:

- **Direct housing development to areas with the greatest needs while mitigating urban sprawl and its associated environmental, economic, and social externalities.**
  - Prioritise high-density residential construction in urban areas with elevated housing prices and promote densification in high-demand locations by setting minimum density requirements – which could be introduced at the national level – for new housing development in Local Territorial Plans, introducing density bonuses for affordable and social housing developments, or facilitating parcel division within cities to enable “intensification” of existing urban assets. Conversely, to limit extensive urban sprawl especially in small and medium-sized cities and in areas with low housing prices, zoning regulations should remain restrictive to prevent excessive development and inefficient land use.
- **Adapt planning requirements to municipal sizes and capacities to improve their responsiveness to demand, especially in high-demand areas.**

<sup>8</sup> <https://fondationpalladio.fr/institut-palladio-presentation/>

- Introduce differentiated planning requirements for municipalities based on their sizes and administrative capacities. Larger cities, where the housing demand is the highest, could benefit from greater flexibility, regarding stakeholders' consultation for instance, while smaller municipalities could receive technical and financial support to develop appropriate spatial plans.
- **Provide municipalities with greater flexibility in local planning, allowing for a quicker and more adapted response to housing needs.**
  - Enable municipalities to make adjustments to the Regulatory Plans (adjusting zoning boundaries within the urban area, adjusting marginally the building rights in a given area, etc.), even if it deviates from higher-level planning tiers, provided there is consensus among all stakeholders at the local, regional, and state levels.
- **Streamline the permitting process to accelerate affordable and social housing development.**
  - Finalise the ongoing digital transformation of building permit applications and approvals, to facilitate and speed up the submission and the examination of the building permits. Ensure all building authorities have access to the same database, to reduce inconsistencies and delays and improving the quality of data.

*Improving coordination between different levels of government, sectoral policies, and between municipalities to increase affordable housing production*

The Czech authorities could consider the following policy actions:

- **Coordinate spatial planning at the scale of the functional area to further strengthen intermunicipal coordination and better address urban and housing needs across territories.**
  - Encourage the transfer of urban planning responsibilities from individual municipalities to Associations of Municipalities (*společenství obcí*) or to municipalities with extended powers, depending on the local context, through either mandatory measures or targeted financial incentives, such as special grants or tax. This process could build on the existing intermunicipal structures in Czechia, establishing population thresholds to define the responsibilities and capacities of intercommunal bodies. By prioritising economic and social realities over administrative boundaries, this approach could enhance the efficiency of local urban planning policies and strengthen the provision of social and affordable housing.
- **Create a cross-sectoral and multi-level dialogue body to improve the vertical and horizontal coordination of spatial planning and housing policies.**
  - Establish a dedicated national dialogue body to discuss, evaluate and coordinate spatial planning policies across the three levels of government (national, regional, and municipal) and across sectoral policies (public space planning, infrastructure, and affordable housing). This body could bring together representatives from all levels of government, as well as economic and social partners, to facilitate multi-level and cross-sectoral dialogue and ensure alignment between urban planning and housing policies, while providing a platform for bottom-up feedback and allowing municipalities to raise challenges and propose solutions at the national level. At a local level, especially in large cities, mandatory cooperation and coordination of concerned public authorities might also help to implement faster and higher quality planning.

*Enhancing the use of land-based finance tools to support affordable housing development*

The Czech authorities could consider the following policy actions:

- **Clearly lay out affordable housing requirements on developers in legislation.**

- National legislation could make explicit that developers can be required to build affordable housing in exchange for approval of new development or of changes in Local Territorial Plans or Regulatory Plans.
- The expiry of affordable housing requirements on developers six years after the approval of new development or of changes could be removed in Local Territorial Plans or Regulatory Plans.
- Affordable housing requirements could be included in Local Territorial Plans possibly after consultation with developers and citizens.
- **Base affordable housing requirements on the increase in land value from development approvals.**
  - After setting minimum affordable housing requirements, municipalities can then set such requirements based on the increase in land value resulting from development approvals. This goes together with increasing technical capacity.
- **Manage public land strategically to provide affordable housing.**
  - Introduce legislation to be able to buy or expropriate land at the price before the announcement of a public investment or zoning change, to recover the increase in land values that public investments or zoning changes generate. This would also benefit the use of land readjustment.
  - The national and municipal governments could assign responsibilities to buy and manage land for affordable housing construction to public authorities responsible for social housing provision.
  - Consider introducing options for households on moderate income to purchase home ownership rights without the underlying land, leaving land management to a non-profit or public institution, that can benefit from access to real estate below market price, supported by land-based finance, as in the case of the *Bail réel solidaire* in France.

*Enhancing technical and human capacity of local governments would help increase the efficiency of the planning process*

The Czech authorities could consider the following policy actions:

- **Expand the expertise in urban planning and housing as well as in land-based finance by enhancing initial and professional training.**
  - Provide education and training for urban planning and housing experts, targeting both public and private sector professionals, by partnering with universities, research institutions, and planning institutes to establish specialised curricula that align with national and municipal planning needs, and by developing vocational training and certification programs for mid-career professionals to specialise in affordable housing development and land-use planning.
  - Consider tying access to public loans for housing or other development to the introduction of land-based financing instruments, combined with technical assistance for effective implementation of such instruments.
  - Efforts to enhance technical capacity could include the ability to assess value uplifts, for example, with professional surveyors or on the basis of historic transactions, as in France, as well as to undertake land transactions using land-based finance instruments.
- **Leverage on the urban and housing capacities within larger local authorities to provide expertise to smaller municipalities.**
  - Mobilise regions, municipalities and associations of municipalities to provide technical assistance related to urban planning and housing (e.g. experts, workshops, counselling and advisory services) to municipalities or groups of municipalities. The assistance could target

both common issues (e.g. a series of workshops related to affordable and social housing development) and local needs of municipalities.

- **Leverage on the pooling of human and financial resources within the Association of municipalities to strengthen local workforce and hiring capacity.**
  - Hire urban planning and housing experts at the intermunicipal level to strengthen intercommunal expertise, making these positions more attractive due to the broader territorial scope and the possibility of offering higher salaries.

## 2.3. Securing funding for affordable housing development and limiting dwelling vacancies through housing tax reform

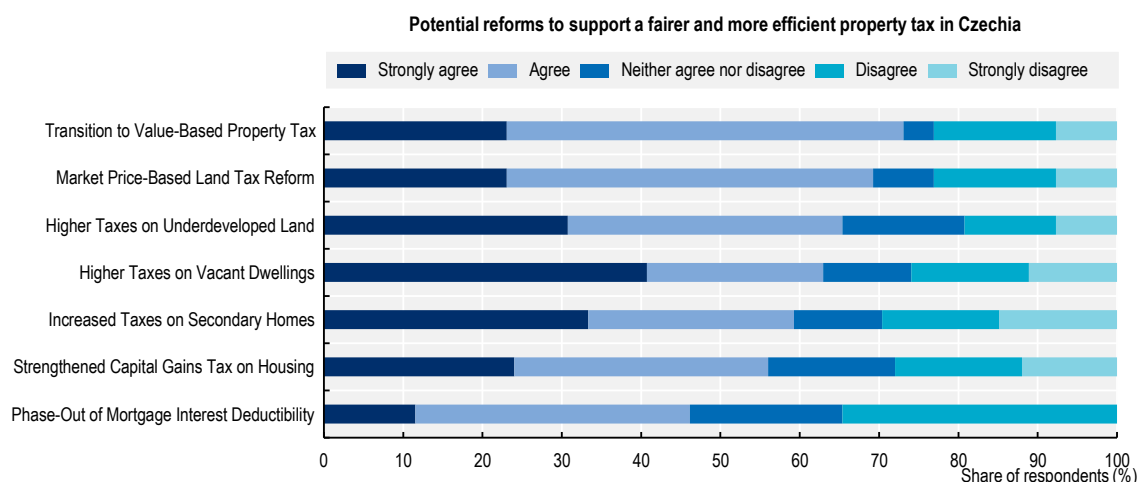
Property taxes can be efficient taxes to improve the allocation of housing, can provide a stable revenue source and have empirically been found to be among the least damaging taxes for long-run economic growth (Johansson et al. (2008<sup>[31]</sup>); Arnold et al. (2011<sup>[32]</sup>); Acosta-Ormaechea and Yoo (2012<sup>[33]</sup>); OECD (2021<sup>[34]</sup>); (2024<sup>[35]</sup>)). Property taxes can also improve the allocation of housing, potentially improving housing affordability. For instance, they can incentivise older individuals without dependents who live in relatively large properties to downsize, releasing larger residences into the market and contributing to a more balanced and affordable housing market. Empirical studies have also shown that recurrent taxes on immovable property are commonly capitalised into house prices over time, helping slow house price growth and fluctuations (Blöchliger et al., 2015<sup>[36]</sup>; Oliviero et al., 2019<sup>[37]</sup>). Property taxes are also the taxes over which local governments have most control, giving them autonomy to adjust their fiscal policy to local demands and increasing political accountability (OECD, 2021<sup>[38]</sup>). They can provide a source of revenues for the provision of affordable and social housing.

### 2.3.1. *The current property tax system produces inequitable outcomes and provides limited revenues*

Czechia's recurrent taxes on immovable property are calculated using an area-based approach that is less equitable than value-based taxation, as it can result in different taxes for properties of the same value, generating inequitable outcomes between taxpayers. Furthermore, house price increases do not automatically lead to higher property tax revenues as taxes are not based on market values. Property tax rates are also low in Czechia, which can have the direct impact of reducing housing costs but may indirectly contribute to reducing housing affordability. Indeed, low property taxes, along with other tax features such as mortgage interest deductibility on primary residences and capital gains tax exemptions, imply a low overall tax burden on homeowners, which can increase housing demand relative to other assets. This may contribute to pushing prices up and reducing housing affordability in the absence of increases in housing supply. Low property tax revenues may also discourage municipalities from boosting housing supply if revenues fall short of increased expenditure needs.

Expert views expressed through the OECD Stakeholder Survey largely supported reforms that would make housing taxation more equitable and better respond to the country's housing challenges. These reforms include transitioning from the current area-based property tax system towards a value-based system, introducing higher taxes on vacant dwellings and secondary homes in high-demand areas to help make housing more affordable, and reforming the capital gain tax exemptions, and phasing out mortgage deductibility (Figure 2.14). The analysis that follows discusses these issues in detail.

**Figure 2.14. Stakeholder survey respondents supported reforming the current housing taxation system**



Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia.

### *Property taxes are based on the size of dwellings not reflecting market values*

Czechia levies property taxes based on the size of land or buildings (area-based property tax), although it levies some taxes on land based on the average land price (Table 2.10). The area-based approach to taxing buildings and other plots of land differs from common practice in most OECD countries where properties are taxed with reference to estimated market values. Area-based property tax systems are, however, rarely only based on the size of properties, and tend to include adjustment factors or coefficients that take into account other property characteristics. In Czechia, the tax rate can be adjusted for additional floors and whether rooms are used for business activities. Tax rates also vary between types of property, which is common in other OECD countries, including higher rates on commercial properties than residential ones. There are three types of coefficients that can increase the total tax for certain geographical areas or municipalities:

- **A size coefficient** adjusts the tax payable for the number of inhabitants in a municipality. The coefficient ranges from 1 for the smallest municipalities to 4.5 in Prague. Municipalities can reduce the coefficient by up to three size categories or increase the coefficient by one category (described in the note to Table 2.10).<sup>9</sup> The option to decrease the coefficient will cease on 1 January 2025.
- **A local coefficient** is a discretionary coefficient that municipal governments can apply to increase the tax on a building by a factor from 1.1 to 5.<sup>10</sup>
- **Additional coefficients** can apply to certain types of buildings. Municipalities may apply a coefficient of 1.5 by decree to houses used for family recreation, garages, and buildings used for business.<sup>11</sup> An additional coefficient of 2.0 applies for houses in national parks or protected areas. For apartments, a coefficient of either 1.22 (for flats with a co-ownership of the relevant plot of land) or 1.2 (in all other cases) applies.

<sup>9</sup> For example, a municipality with 12 000 inhabitants that has a coefficient of 2.0 can reduce the coefficient by up to three categories (i.e., as low as 1.0) or can increase it by one category (i.e., as high as 2.5).

<sup>10</sup> Local coefficients from 0.5 to 1.5 can be applied to agricultural land from 1 January 2025.

<sup>11</sup> The additional coefficient of 1.5 will no longer be available from 1 January 2015 as part of the recent property tax reform.

**Table 2.10. Land and building property tax rates and coefficients in Czechia, 2024**

Type of property	Tax Rate	Tax base	Size coefficient	Local coefficient	Additional coefficient	Adjustment factors
<b>Taxes on Land</b>						
Agricultural land	1.35%	Average price of land		0.5–1.5		N/A
Forest land	0.45%	Average price of land		0.5–5		N/A
Building plots	CZK 3.5 / m <sup>2</sup>	Area	1 – 4.5	0.5–5		N/A
Other	Vary between CZK 0.35–9 / m <sup>2</sup>	Area		0.5–5		N/A
<b>Taxes on Buildings</b>						
Residential building	CZK 3.5 / m <sup>2</sup>	Area	1 – 4.5	0.5–5		Rate is increased by CZK 1.40 / m <sup>2</sup> for each additional floor, if the built-up area of the above-ground floor exceeds 1/3 of the built-up area
Weekend and recreation buildings	CZK 11 / m <sup>2</sup>	Area		0.5–5	1.5 + 2.0 (national park or protected area)	
Isolated garages	CZK 14.5 / m <sup>2</sup>	Area		0.5–5	1.5	
Structures used for agricultural production, forestry or water	CZK 3.5 / m <sup>2</sup>	Area		0.5–5	1.5	
Industrial and energy structures	CZK 18 / m <sup>2</sup>	Area		0.5–5	1.5	Rate may be increased by CZK 3.5 / m <sup>2</sup> for rooms used for business activities.
Other structures used for business purposes	CZK 18 / m <sup>2</sup>	Area		0.5–5	1.5	
Others	CZK 11 / m <sup>2</sup>	Area		0.5–5		

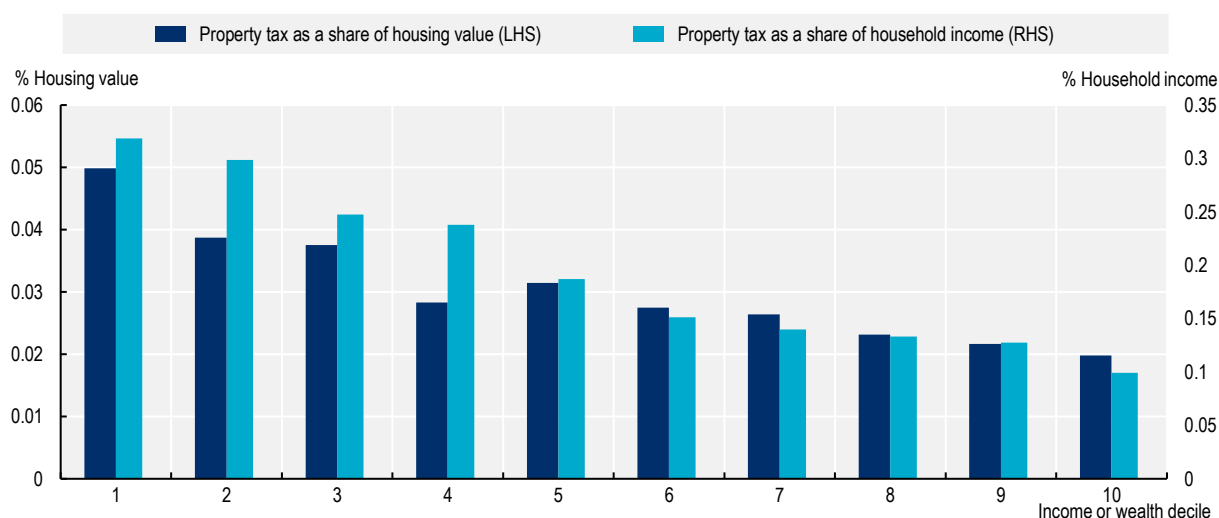
Note: Tax rates apply from 1 January 2024, reflecting a recent reform which increased tax rates. The tax base for agricultural land and forest land is the average price of land as determined by a decree agreed between the Ministry of Agriculture and the Ministry of Finance of Czechia with reference to land quality. The category of “other” taxes on land includes agricultural paved areas of land, other paved areas of land, building plots, built up areas and courtyards, and other areas. The size coefficient is equal to 1 if the land is located in a municipality with less than 1 000 inhabitants, 1.4 in a municipality with less than 6 000 inhabitants, 1.6 in a municipality with less than 10 000 inhabitants, 2 in a municipality with less than 25 000 inhabitants, 2.5 in a municipality with less than 50 000 inhabitants, 3.5 in a municipality with more than 50 000 inhabitants and in František Lázně, Luhačovice, Mariánské Lázně and Poděbrady, and 4.5 in Prague. Municipalities have the option to exempt agricultural land from property taxes.

Source: IBFD, (2023<sup>[39]</sup>), Kukulová et al. (2021<sup>[40]</sup>); Act No. 338/1992, available at <https://www.zakonyprolidi.cz/cs/1992-338>.

Area-based property taxes fail to approximate market values, reducing horizontal and vertical equity of the tax system. Properties with the same market value may face different tax obligations under area-based tax systems. Adjustment factors and coefficients increase complexity without accurately adjusting rates in line with property values. For example, high-value properties in city centres could face the same or even lower property taxes compared with cheaper housing in the outskirts of the city. Czechia’s system therefore yields regressive outcomes. Households with greater housing wealth pay proportionately less tax relative to the value of their properties compared with people with lower housing wealth (Figure 2.15). Similarly, lower-income households pay a greater share of their income in property tax than higher income households. However, regressivity of property taxation is not unique to Czechia - several studies reach the same conclusion for other countries, including those with value-based systems (Andriopoulou et al. (2020<sup>[41]</sup>), Palameta and Macredie (2005<sup>[42]</sup>), Kim and Lambert (2008<sup>[43]</sup>)).



Figure 2.15. The property tax system in Czechia yields regressive outcomes



Note: Dark blue bars (left hand axis) show total property taxes paid on all properties owned as a share of the value of the household's primary residence. It should therefore be noted that this indicator is overestimated for households owning more than one property, which is more likely to be the case for higher income households. Light blue bars (right-hand axis) show property taxes paid by the household as a share of household annual gross income. Income and wealth deciles refer to equal groups of 10% of the survey population based on income earned or value of housing.

Source: EU-SILC 2022, calculations provided by Michal Šoltés, IDEA CERGE-EI.

The implementation of value-based property taxes in Czechia would require precise information on the dwelling stock. Information on dwelling characteristics is only collected through the census, which occurs every 10 years, and is not used in the taxation policy. This does not allow policy makers to regularly follow up on existing dwelling's maintenance state. Further, although the Czech Statistical Office (*Český statistický úřad* – CSU) produces statistics on real housing prices, they are not used by policy makers to inform taxation decisions (Box 2.9).

### Box 2.9. Existing data on real estate and land in Czechia

#### National real estate and land cadastre

The Czech Survey and Cadastral Authorities (*Český úřad zeměměřický a katastrální* – CUZK) was created in 1992 under the responsibility of the Czech Ministry of Agriculture (*Ministerstvo zemědělství*), to oversee the registration of real estate and property rights. The CUZK is responsible for updating Czechia's land and real estate cadastre and conducting surveys on land and property uses. The CUZK relies on 14 cadastral offices (*Katastrální úřad*) – one for each region –, which approve changes to the boundaries of cadastral territories or to local nomenclatures. In addition, the CUZK manages the Land Surveying Office (*Zeměměřický úřad*), which administers Czechia's geodic databases and manages cadastre archives. Since 2007, the CUZK has also managed the Geodetic, Topographical and Cartographic Research Institute (*Výzkumný ústav geodetický, topografický a kartografický* – VUGTK), which is a public research institution working in the field of geodesy, surveying and cadastre.

The CUZK manages several datasets containing information on land and buildings. Among them, the Real Estate Cadaster (*Katastr Nemovitostí* – KN) records information on each unit of real estate in Czechia, mainly their location and ownership history, and can be consulted [online](#). The KN is used as the main source of information to update the Register of Territorial Identification, Addresses and Real Estate (*Registr územní identifikace, adres a nemovitostí* – RUIAN), which contains information on

administrative territories (for example, regions, municipalities, etc.) and the Register of Census Districts and buildings (*Registr sčítacích obvodů a budov* – RSO), containing descriptive and location data on territorial units, buildings and their addresses, and apartments. Information includes the number of dwellings within a building, commodities (e.g. elevator, connection to waste and water supply, etc.), the floor area, the period of construction, etc. Part of these building and dwelling characteristics are derived from the Population and Housing Census (*Sčítání lidu, domů a bytů* – SLDB), which is conducted every ten years by the Czech Statistical Office (*Český statistický úřad* – CSU).

### Data on land and real estate prices

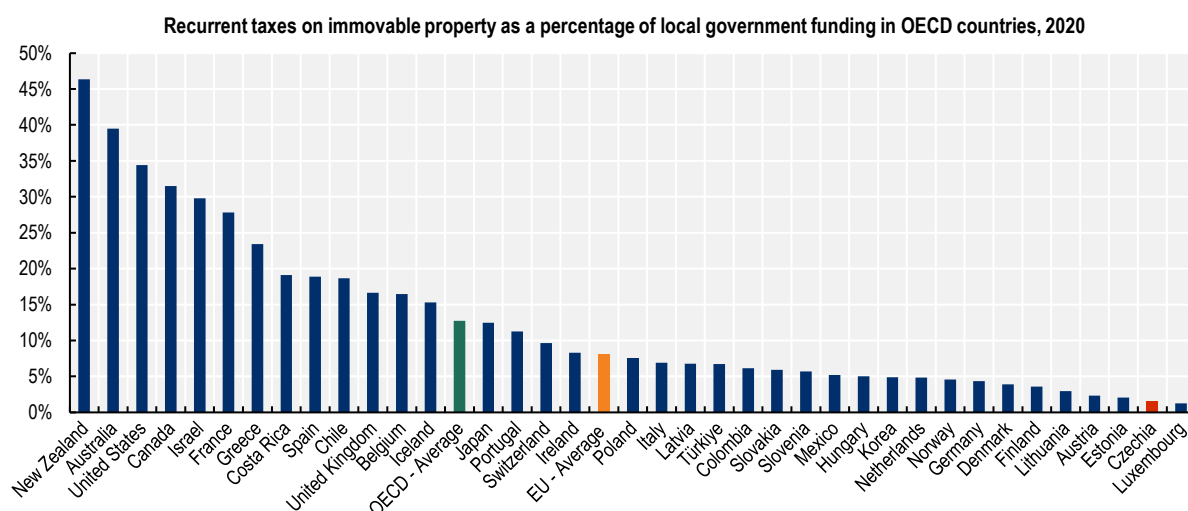
The KN database contains information on transaction prices of dwellings. In addition, the Czech Statistical Office (*Český statistický úřad* – CSU) produces the Real Estate Statistics database (*statistiky za oblast cen nemovitostí*), which contains information on resale and rental price indices of residential real estate and building land (see methodology [online](#)). These statistics are computed from three sources of information: the listed price for new apartments, surveys on realtors for existing dwellings and online adds. The resulting price indices are published at the regional level.

Source: Czech Survey and Cadastral Authorities (*Český úřad zeměměřický a katastrální* – CUZK) and Czech Statistical Office (*Český statistický úřad* – CSU).

*The revenues derived from property taxes are relatively low and are a small source of municipalities' funding*

As is the case in many OECD countries, revenues from property taxes are allocated to local governments. In Czechia, however, property tax revenues comprise a very small share of total municipal government funding (Figure 2.16). Czechia raises less than 1% of total tax revenue (i.e., across all levels of government) from different taxes on assets (i.e., property taxes, wealth taxes (if applicable), etc), which is the lowest share of total tax revenue in the OECD and significantly lower than the OECD average (6%).

**Figure 2.16. Property tax revenues are a small share of total municipal funding in Czechia**

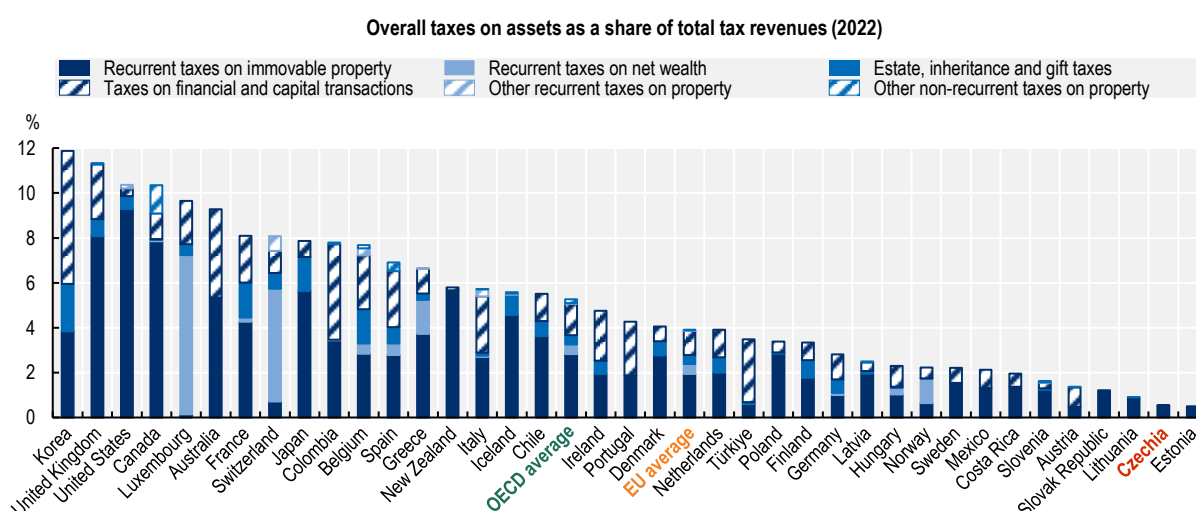


Note: Data were not available for Sweden.

Source: OECD/UCLG (2022<sup>[44]</sup>).

Property tax revenues have not historically kept up with property price increases, although a recent reform to increase rates and introduce indexation will partially address this issue. Nominal property tax revenues have increased by around 35% between 2010 and 2021 (OECD, 2023<sup>[45]</sup>), mainly due to greater coefficient use by some municipalities (including Prague) and better enforcement. Since area-based tax rates have remained unchanged, property tax revenues have increased by significantly less than the value of housing stock in Czechia - nominal house prices have nearly doubled while the number of houses increased by around 12%.<sup>12 13</sup> As a result, property tax revenues as a percentage of GDP have shown a modest downward trend since the early 1990s. Recurrent taxes on immovable property amounted to only 0.18% of GDP in 2023, which is among the lowest in the OECD (OECD, 2025<sup>[46]</sup>). This is largely due to low rates, as discussed further. Not only is revenue from property taxes among the lowest in the OECD, but so are overall revenues from taxes on assets (Figure 2.17).

**Figure 2.17. Revenues from taxes on assets in Czechia are among the lowest in the OECD**



Note: Bars represent different taxes on assets as a percentage of total tax revenues in Czechia. Data include taxes paid by households and non-households and include household and non-household real estate. Other taxes on housing, including taxes on capital gains or rental income from housing, were not available for this figure.

Source: OECD Revenue Statistics Database.

The base rate for property taxes was set as CZK 3.5 per square metre for residential buildings after 1 January 2024, an increase of 80% on average, but which remains lower than in most other countries with area-based systems (OECD, 2025<sup>[46]</sup>). While municipalities have discretion to determine the applicable tax rate, most do not use the available coefficients. In 2019, around 30% of municipalities applied or changed one of the three types of coefficients.<sup>14</sup> Rather than use coefficients, municipalities tend to rely on their

<sup>12</sup> [RESH.A.CZ. T.N. TR.NPRO.CZ2. Z.N. Z | ECB Data Portal \(europa.eu\)](#); OECD (2024<sup>[56]</sup>).

<sup>13</sup> Property tax revenues have increased less than prices in other countries, including some with value-based systems. Despite having value-based systems, some countries' tax bases do not accurately reflect house price development, typically because property values are outdated or underestimated. This highlights the importance of well-designed value-based property taxes with regular revaluations.

<sup>14</sup> Of municipalities to which a size coefficient applies (those with over 1 000 inhabitants), 709 municipalities (48%) changed the coefficient (i.e. increased or decreased it). 596 municipalities (8%) applied the local coefficient while 1 479 (24%) applied the coefficient of 1.5 (Kukalová et al., 2021<sup>[40]</sup>).

share of general taxation (e.g., personal income taxes) and grants for revenue. Different factors drive the relatively low coefficient use, including the unpopularity of increasing taxes and concerns about impacts on low-income households (Janoušková and Sobotovičová, 2019<sup>[47]</sup>). Furthermore, coefficients have, until a recent reform, applied to entire municipalities, deterring municipalities which would prefer a more geographically targeted application. The reform of property tax rates is also indexing them with inflation from 1 January 2024. This reform, however, will fail to capture house price growth in excess of the economy-wide inflation rate. It will also likely amplify the inequitable outcomes stemming from the area-based system.

### *Value-based tax systems and reform experiences in other OECD and EU countries*

Most OECD and EU countries rely on value-based property taxes, Czechia being the only exception together with Poland and Slovakia in the EU. Tax systems based on properties' market values are better suited to account for taxpayers' housing wealth, and the resulting tax revenues are more responsive to changes in the housing market. Value-based property taxes are hence more effective in stabilising the fluctuations in the housing market and can raise more revenues, with limited distortions on investment and labour decisions (Cournède (2019<sup>[48]</sup>), Johansson (2008<sup>[31]</sup>)).

#### **Data and valuation**

Recent reforms to transition from area-based to value-based property taxes in Central and Eastern Europe point to the importance of collecting transaction price data and having appropriate valuation standards prior to the launch of the reform to ensure that the recurrent property tax is based on up-to-date market values.

While regularly updating values of residential properties will imply some administrative costs, the use of digital tools can help keep these costs down. The use of these tools could require some support from the central government, especially for smaller municipalities or using joint municipal offices arrangements. For example, Lithuania started working on mass valuation of properties in 1998, with initial mass valuation launched in 2005 (Grover, 2017<sup>[49]</sup>). Currently, the Real Estate Register and Cadastre contains open-access data<sup>15</sup> on all real estate objects registered in Lithuania and all real estate transactions since 1998, including cadastral data and maps, ownership and its history, and property restrictions. A mass valuation of all properties in Lithuania is performed yearly at the central level, producing an estimate of the average market value of land and buildings which is then used for the implementation of several policies and taxes, such as calculating property taxes (OECD, 2023<sup>[50]</sup>). As of 2016, the cost difference was between €1 per property for mass valuation and €100 for each single property valuation (Grover, 2017<sup>[49]</sup>).

In the Netherlands, local authorities are responsible for activities such as the maintenance of fiscal cadastres, property valuation, tax collection and tax rate setting, while the central government is responsible for controlling and levelling the quality of the tax administration across the country. Official property values are updated every year by local governments, and are subject to central government oversight. The central government examines the uniformity of the valuations performed by local governments through the National Valuation Board, so that values are comparable across municipalities. Residential properties are typically assessed using the sales comparison approach, which is implemented through the Computer-Assisted Mass Appraisal (CAMA) system. These mass valuations rely on several data sources, including the System of Register Database, information from real estate advertisements, specific data collected by municipalities and from interactions with taxpayers through online questionnaires or in the form of complaints and appeals, such as improvements' quality and maintenance (Box 2.10).

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<sup>15</sup>See the database [online](#).

Communication with taxpayers is done online in 80% of cases and by mail in the remaining 20% (OECD, 2024<sup>[51]</sup>).

### Box 2.10. Property taxes in the Netherlands

#### Design of value-based property taxes for resident owners and users of business premises

In the Netherlands, the property tax (*onroerendezaakbelasting* – OZB) is levied on dwelling owners, as well as businesses (tenants or owners). Property taxes are levied once a year as part of the combined municipal tax bill (*Gecombineerde aanslag*), along with several other taxes paid to municipalities (e.g. sewage charges). The tax amount is computed as a fixed percentage of the Official Listed Value (*Waardering onroerende zaken* – WOZ) of the property. The percentage is fixed by the municipality, with different rates depending on who the OZB is levied on. For instance, the city of Amsterdam established the following tax rates in 2023:

- Property owner tax for residences: 0,0577 % of the WOZ.
- Property owner tax for business premises: 0,2436 % of the WOZ.
- Property user tax for tenants/users of business properties: 0,1809 % of the WOZ.

People and businesses subjected to property taxes receive their WOZ as part of their tax assessment within the first eight weeks of each year. All current WOZ values are publicly available [online](#). Taxpayers can request the valuation report disclosing how this value was computed for the property in question, and file an objection within six weeks of the original WOZ decision.

#### Computation method, data and access to the Official Listed Values (WOZ)

Municipalities assess the value of homes and business premises following the 1995 Valuation of Immovable Property Act (*Wet Waardering Onroerende Zaken*). These assessments were made once every four years from 1997 to 2001, and have been made annually since 2002. Municipalities have the advantage of having a more extensive knowledge of local markets than national authorities, since they are also responsible for planning and building permits, base maps of addresses and their own cadastre. Municipalities' assessment of WOZ values is overseen by the Council for Real Estate Assessment (*Waarderingskamer*) to ensure consistency of valuation methods and check quality.

In practice, the WOZ reflects the estimated market value of a property on 1 January of the previous year. For each dwelling, the WOZ is deduced from data on the characteristics of the dwellings (e.g. surface, location, maintenance condition, year of construction, etc) and data on properties recently sold in the same neighbourhood. This data is found in the [Cadastre, Land Registry and Mapping Agency database](#) (*Kadaster*), which contains information on the characteristics of all residences and immovable properties, as well as actual resale prices from notaries. Municipalities can choose to update a property's reported characteristics based on their own observations, using for instance aerial photos, visible signs from the outside of the property, pictures in online ads to rent or sale the property, or direct inquiries to the owners.

The computation of a dwelling's WOZ is then done in three steps:

- Market analysis (*marktanalyse*): Municipalities examine the resale prices of all houses found in the Cadastre database and exclude any properties which were sold under special circumstances.

- Computation of the model value (*modelwaarde*): The approved sales prices and all the available information on dwellings are used to run a mass computer-assisted appraisal model, which produces estimated values for all dwellings in the municipalities.
- Final check by an appraiser (*taxateur controleert*): An appraiser approves the model values as official WOZ values.

### Other uses of the Official Listed Values (WOZ)

Beyond municipalities, the WOZ is used by the national Dutch tax authorities to determine owner-occupied home deductions for income taxes (*het eigenwoningforfait*), corporate taxes, and donation and inheritance taxes. Local water boards (*Waterschappen*) also use the WOZ to establish water system levies for buildings. In the case of social housing (*sociale huurwoningen*), which can be delivered by private owners in the Netherlands, the WOZ is also used to attribute a certain number of points to social dwellings, which in turn determine the maximum rent that can be charged.

Source: The Netherlands's Council for Real Estate Assessment (*Waarderingskamer*), City of Amsterdam.

### Acceptability of reforms and preventing liquidity issues among homeowners

Property tax reforms can be met with resistance, especially in countries with a large share of owner-occupiers. Higher recurrent taxes on immovable property may lead to liquidity issues if taxpayers do not have the necessary income to pay these taxes. This issue can become particularly evident in periods of significant increases in house prices, since the value of the property – and therefore, the tax amount – would increase, without a corresponding income increase.

Equity and acceptability considerations have been at the core of the design and implementation of property tax reforms in OECD and EU countries. The local property tax reform introduced in Ireland in 2021 was expected to increase the recurrent property tax burden for about a third of taxpayers. To support lower-income households and avoid liquidity issues, the reform broadened eligibility to property tax deferrals and lowered the interest charged on deferred tax payments – with, however, limited effects on increased property tax revenues (OECD, 2025<sup>[52]</sup>). Changes to the local property tax introduced in 2025 aims to increase revenues, while continuing to protect low-income households by increasing rates, while broadening valuation bands and indexing income thresholds for deferrals of local property tax on inflation, wage growth and increase in state transfers since 2021 (Ireland Department of Finance, 2025<sup>[53]</sup>). The duration of the deferral varies depending on the reason why the person is eligible for the deferral, and in all cases people have to inform the Revenue Commissioners if their circumstances have evolved and they are no longer eligible for deferral (Table 2.11).

**Table 2.11. Duration of Local Property Tax payment deferral in Ireland**

Deferral category	Type of Local Property Tax payment deferral	Duration of deferral
<b>Income Threshold:</b> (households without an outstanding mortgage qualifying for deferral due to low incomes)	Full or partial deferral (50% of the amount), applies only to main residences and only households who do not own any other properties. The annual gross income threshold varies between EUR 18 000 (single person without mortgage qualifying for a full deferral) to EUR 42 000 (couple without mortgage qualifying for a partial deferral).	Deferral claimed will remain in place for the valuation period 2022 to 2025, unless the property is sold or transferred during this period.
<b>Mortgage-adjusted income threshold</b> (the income thresholds discussed above are increased to account for outstanding mortgages)	The income thresholds for households with outstanding mortgages are adjusted depending on the amount of mortgage interest they are likely to pay during the year the tax is due. In practice, the caps are computed as the sum of the caps for households without mortgages, plus 80% of expected gross mortgage interest payments.	Deferral claimed will remain in place for the valuation period 2022 to 2025, unless the property is sold or transferred during this period.



<b>Personal representatives of a deceased liable person</b>	Personal representatives of a deceased liable person can apply for a tax deferral for any Local Property Tax outstanding at the date of death or payable after the date, and if the payment was already deferred by the deceased person. This only applies if the deceased person was the sole owner of the dwelling.	This deferral is claimed for a maximum period of three years starting on the date of death of the liable person, unless the property is sold or transferred within the three-year period.
<b>Personal insolvency</b>	People who have entered into a debt settlement arrangement or a personal insolvency arrangement with the Insolvency Service of Ireland can defer Local Property Tax liability for the years covered by the insolvency arrangement. This is not restricted to owner-occupiers and applies to all residential properties owned by the insolvent household.	This deferral is claimed for the period for which the insolvency arrangement is in place.
<b>Hardship grounds</b>	People qualifying for hardship grounds have to justify a large unexpected and unavoidable loss or expense during the year, and thus be unable to cover the Local Property Tax without causing significant financial hardship. This is not restricted to owner-occupiers and applies to all residential properties owned by the insolvent household.	This deferral applies for 1 year only.

Source: Ireland's Office of the Revenue Commissioners, <https://www.revenue.ie/en/property/local-property-tax/deferral-of-payment/index.aspx>

More generally, households' incomes can be taken into account to increase property taxes' progressivity. In France, the property tax (*Taxe foncière sur les propriétés bâties* – TFPB) is levied on all owners or usufructuaries of built properties. The TFPB's base rate is applied to half of the dwelling's cadastral rental value (*valeur locative cadastrale*), which is the theoretical rent which could be charged if this property was rented out. The TFPB can however be capped at half of the household's annual taxable income, for households not subjected to the Property Wealth Tax (*Impôt sur la Fortune Immobilière* – IFI)<sup>16</sup> and with an annual income below a certain threshold. This income threshold is set annually by the central state and takes into account the household's size, the number of dependent people, potential disabilities, etc. For instance, the income threshold was set at EUR 41 518 for a two-person household in metropolitan France in 2024. Households have to file a claim with the tax office if they want to benefit from the TFPB cap.

### 2.3.2. Limited incentives exist to put unoccupied dwellings back on the market

#### *Vacant dwellings in densely-populated areas is relatively high*

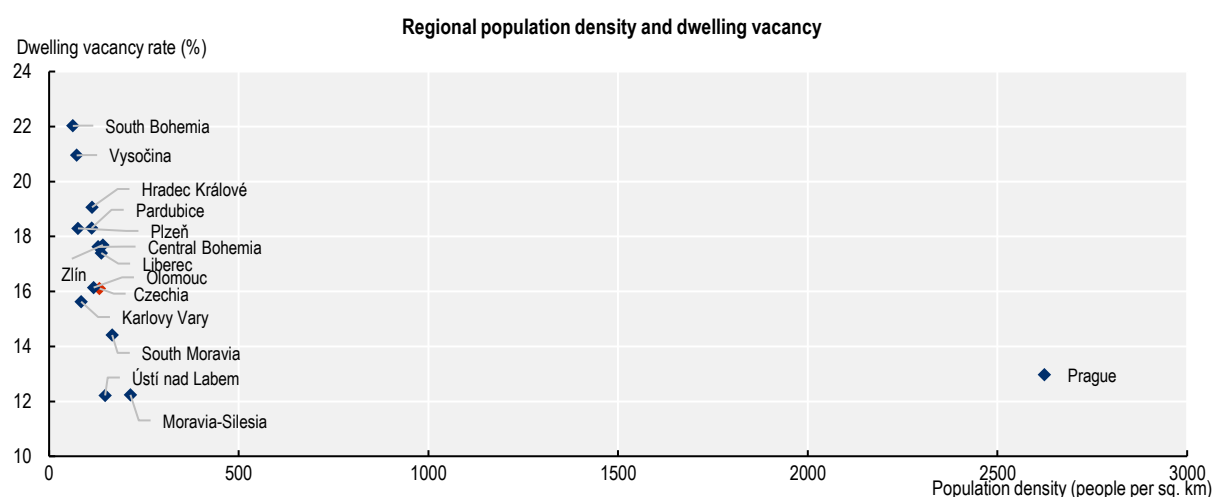
In 2021, 16% of dwellings were vacant in Czechia, with some variation across regions (Figure 2.18). In the regions of South Bohemia and Vysočina, 22% and 21% of dwellings were vacant in 2021 respectively, while 12% and 13% of dwellings were vacant in Prague and Moravia-Silesia respectively. Prague stands out with a high population density (2 624 people per square kilometre), while it is relatively low in other regions. Vacant dwellings located in areas with a low population density are in line with a low demand for housing, while the impact of vacant dwellings might however be more significant in a high-density population area like Prague. A tax on vacant housing in areas where housing demand is high would increase the cost of keeping these dwellings vacancies for property owners, providing incentives to put these dwellings back on the market.

Czechia's property tax design may not sufficiently discourage housing vacancy. Taxes on residential land and buildings apply at the same base rate. The land tax applies only to unimproved land – once land is developed, only area-based taxes on buildings apply. This design is not unlike property tax design in other OECD countries. However, Czechia's property tax rate is comparatively low. Higher property tax rates typically serve as stronger deterrents against holding vacant properties. Thus, the relatively low tax rate in Czechia might not be adequate to discourage vacancies effectively. Furthermore, the area-based system would not promote efficient land and housing as effectively as a value-based system that taxes vacant high-value properties in high-demand areas more heavily.

<sup>16</sup> The IFI is an additional tax levied on people owning real-estate worth more than EUR 1 300 000 net of debt.



**Figure 2.18. Correlation between population density and dwelling vacancy in Czech regions**



Note: The dwelling vacancy rate in the Czech housing census database is based on the number of “unoccupied dwellings”, which are defined as units that are not the usual place of residence of any person. More details can be found in the census’ [online explanatory notes](#).

Source: 2021 Czech Housing Census.

### *Vacant housing taxation in other OECD and EU countries*

The experience of other OECD and EU countries suggests that vacant housing taxation can be effective if appropriate enforcement and monitoring mechanisms are in place. Taxes on vacant dwellings can be implemented and monitored by cities which have identified a housing shortage. In 2017, the City of Vancouver introduced an Empty Homes Tax to provide an increase in the supply of rental housing. Between 2017 and 2023, the number of properties declared vacant decreased by 68.6%. During the same period, the tax generated revenues amounting to CAD 169.9 million, which were used to support the development of new social, supporting and not-for-profit housing. The tax rate was set to 3% of the property value, and the occupancy status is based on mandatory reporting from the owner. The city of Vancouver has put in place a risk-based audit system to check the validity of the declaration made, completing approximately 10 500 audits in 2021 and approximately 12 900 audits in 2022 (Housing Vancouver, 2024<sup>[54]</sup>).

Alternatively, vacant dwelling taxation can be established by the central government, targeting areas where a housing shortage has been identified. In France, the tax on vacant dwellings (*Taxe sur les Logements Vacants* – TLV) was introduced in 1999 in the eight urban units with more than 200 000 inhabitants to incentivise owners of vacant dwellings to put them back on the market. It was since reformed in 2006 and 2013, mainly to extend its coverage to municipalities with tensed housing markets (*zones tendues*) – meaning high-demand areas – currently covering 5% of metropolitan municipalities and 14% of dwellings. The identification of properties and owners eligible to pay the TLV is made by local authorities in collaboration with the central tax authority (*Direction générale des finances publiques* – DGFIP), relying on a unit-level database on dwellings’ characteristics, locations and occupancy status (Figure 2.14).

#### **Box 2.11. Taxes on vacant dwellings in France**

##### **Taxes on vacant dwellings and secondary residences**

In France, vacant dwellings (*logements vacants à usage d’habitation*) are legally defined in the tax code as dwellings with minimum comfort requirements (e.g. connected to the electricity and water grids,

equipped with basic sanitary amenities, etc.) but which have not been occupied for at least a year. They are distinct from secondary residences (*résidences secondaires*), which are used for at least a few months during the year, and furnished.

There are two taxes on vacant dwellings in France:

The **tax on vacant dwellings** (*Taxe sur les Logements Vacants* – TLV) is levied on owners of vacant dwellings located in municipalities with over 50 000 residents, or where there is a significant undersupply of dwellings, also known as “tense housing market areas” (*zone tendues*). The list of tense housing market areas is established by decree following the 2013 law on Housing Access and Renovated Urban Planning (*Loi pour l’Accès au Logement et un Urbanisme Rénové* – ALUR). Following a 2024 revision, 1 837 metropolitan municipalities are currently considered to have a tense housing market (5% of metropolitan municipalities), accounting for 5.2 million dwellings (14% of the metropolitan stock). The TLV rate is based on the dwelling’s cadastral rental value (*valeur locative cadastrale*), which is the theoretical rent which could be charged if this property was rented out. This rate increases over time: 17% for the first year during which the dwelling was vacant, and 34% the following years. The tax is only levied on dwellings fit for occupation, as dwellings which require a deep renovation (formally defined as renovation with a cost higher than 25% of the property’s value) are not subjected to the TLV.

The **housing tax on vacant dwellings** (*Taxe d’Habitation sur les Logements Vacants* – THLV) can be put in place by all municipalities where the TLV does not apply. The housing tax was levied on all dwellings occupiers until the 2020 finance law and meant to finance public services delivered by municipalities (e.g. local infrastructure and waste collection), with higher rates for vacant and secondary dwellings. Since 2023, it has only been levied on secondary and vacant dwellings. The tax is levied on owners of dwellings fit for occupation which have been vacant for over two years, and the rates are established by local authorities – either municipalities or public institution for inter-municipal cooperation (*Établissement Public de Coopération Intercommunale* – EPCI). The THLV is not levied on dwellings which require a deep renovation, nor on dwellings which have been occupied for at least 90 consecutive days of the fiscal year.

### Identification of vacant dwellings and technical support for municipalities

Since 2021, France has been developing the “Zero Vacant Housing” (*Zero Logement Vacant* – ZLV) online platform to support municipalities in identifying vacant dwellings and establishing a strategy to reach out to owners and put the dwellings back on the market. The ZLV platform was initiated as part of the 2020 National Plan to Combat Vacant Housing (*Plan national de lutte contre les logements vacants*), which put the emphasis on supporting local authorities and facilitating the conversion of public or commercial buildings into residential use. The Plan was formulated based on good practices shared by 10 large municipalities gathered in the national network of municipalities committed to combatting vacant housing (*Réseau national des collectivités mobilisés contre le logement vacant*).

Since 2023, the ZLV platform has also become an information hub for owners of vacant dwellings, who can use it to find out about the applicable tax rates, the support they may be eligible to and which local authority to eventually contact. The platform operates under the supervision of the National Housing Agency (*Agence nationale de l’Habitat* – ANAH), the Ministry of Ecological Transition (*Ministère de la Transition écologique*), and the Ministry of Housing (*Ministère chargé du Logement*).

The ZLV platform relies on the “Vacant Dwelling” database (*Logements Vacants* – LOVAC), which was created by the 2020 National Plan to Combat Vacant Housing. The LOVAC database links information derived from tax returns provided by the central tax authority (*Direction générale des finances publiques* – DGFIP) on dwellings’ location, ownership history and declared occupancy status, information on dwellings’ characteristics and eventual resale price from the exhaustive notarial transaction database (*Demande de Valeurs Foncières* – DVF), and GPS information from the National Address Database (*Base Nationale d’Adresses* – BAN). The LOVAC database contains information at the dwelling level,

accessible upon request to municipalities and local authorities levying taxes (e.g. EPCIs) and state agencies (e.g. ANAH) in order to reach out to the owners of vacant dwellings.

In addition to the ZLV platform, it has become mandatory for property owners to declare the occupation status of their properties, following the phasing out of the general housing tax in 2023. This declaration is made through the “Managing my real estate” (*Gérer mes biens immobiliers* – GMBI) online service, which is supervised by fiscal authorities. This source of information has replaced the tax-return information on vacancies, which was lost due to the suppression of the general housing tax. Property owners can oppose paying the TLV and THLV by providing proof of the dwelling being unfit for occupation, by showing it was occupied for at least 90 days of the fiscal year (for instance, by proving a lease or a utility bill), or by proving the dwelling has been on the market for purchase or rent, conditional on asking prices to be aligned with current market prices.

Source: French Ministry of Economics, Finance and Industrial and Digital Sovereignty (*Ministère de l'Économie, des Finances et de la Souveraineté industrielle et numérique*), No Vacant Housing (*Zéro Logement Vacant*) [platform](#).

Two key challenges when enforcing targeted taxes on vacant dwellings are establishing a reliable method to identify these dwellings, and eventually providing support to renovate them if they prove to be unfit for occupation. France for instance relies on administrative and fiscal data, which are used to target property owners with taxes on vacant dwellings, and / or used by local authorities to get in touch with them and support eventual renovations.

Other countries have taken a regulatory approach. In Belgium, municipalities in the region of Wallonia have been cooperating with water and electricity distribution network operators since 2022 to identify vacant dwellings. By law, a dwelling is considered vacant if its total annual water or electricity consumption were below 15 m<sup>3</sup> and 100 kW, respectively. As of 2024, 40 municipalities have been using this method to identify vacant dwellings (15% of Walloon municipalities), and 60 other municipalities (23%) were planning to. Once the dwellings are identified, owners can be eligible for low-interest loans and regional subsidies from the Walloon Housing Fund (*Fond du Logement*). Access to these loans and subsidies are conditional on the dwelling being put back on the market once the renovations are completed, either by the owner or through a real-estate manager – in some cases, a collaboration with a social rental agency (*Agence Immobilière Sociale* – AIS) can be brokered to renovate and maintain the dwelling in exchange for charging an affordable rent. Conditional renovation support programmes and partnerships with social rental agencies are further discussed in Chapter 3. Should the owner refuse, they would be subjected to a fine of EUR 500 to EUR 12 500 per dwelling, set depending on the unit's front length and the number of floors, and for each 12 months of uninterrupted vacancy (an interruption is formally defined as an occupation period of at least 3 consecutive months).

### **2.3.3. Capital gain exemptions and mortgage interest deductibility for primary residences contribute to increasing housing demand and reduce affordability**

Tax incentives such as mortgage interest deductibility tend to stimulate housing demand by increasing the after-tax return on homeownership. Mortgage interest deductibility for primary residences without taxes on imputed rents incentivise households to invest in residential real estate instead of renting, increasing the number of potential buyers, which in turn puts upward pressure on housing prices. Uncapped capital gain exemptions, especially on secondary residences, can also create financial incentives to purchase property, as buyers enter the market expecting tax-free capital appreciation. Further, both policies disproportionately benefit high-income households who can afford a mortgage, and create foregone revenues for the state which could have been invested to support housing affordability.

### *Capital gain exemptions apply to all properties in Czechia*

In Czechia, similar to many OECD and EU countries, capital gains from the sale of owner-occupied dwellings are tax exempt if the property was used as a main residence for at least two years prior to the sale, or if gains from the sale are re-invested in other housing assets. Unlike most OECD and EU countries however, sales of secondary properties are also exempt from capital gains taxes if the property was owned for more than ten years. As property value increases are not captured by recurrent property taxes, this means that increases in housing values gained by homeowners fully escape any form of taxation and the government foregoes significant revenues.

Capital gains tax exemptions can fuel the increase in housing demand by increasing the number of potential buyers, limiting affordability in the long run. Czechia provides for capital gains tax exemptions on the sale of housing assets. Capital gains from the sale of owner-occupied housing are tax exempt if a property was used as a main residence for at least two years prior to the sale or if gains from the sale are re-invested in other housing assets (rollover relief). Secondary properties are exempt from capital gains taxes after they have been held for more than ten years. The capital gains tax treatment of owner-occupied housing is relatively comparable to most OECD countries; about half provide full or partial capital gains tax exemptions on the sale of the main residence, with some conditioning the exemption on a minimum holding period. On the other hand, Czechia is among the minority of countries that provide exemptions for capital gains taxes on secondary properties, including after holding periods.

There is a case to remove or cap capital gains tax exemptions. Capital gains tax relief on housing assets has often been justified as a way to avoid discouraging property sales (which may in turn have wider implications for residential and labour mobility) and support home ownership. However, there are strong arguments against fully exempting such capital gains. They have limited effectiveness in promoting home ownership, since the main impediments to home ownership generally arise before purchase, while the benefits of tax exemptions materialise upon sale (OECD, 2022<sup>[55]</sup>). Capital gains tax exemptions for housing also reduce neutrality across savings instruments and may lead to increased housing demand and house price growth if supply remains unchanged, and lower housing affordability. In Czechia, the potential disincentives to relocate due to capital gains taxation are also mitigated by the provision of rollover relief to individuals who reinvest capital gains in other main residences. Finally, uncapped capital gains tax exemptions on both owner-occupied and secondary housing disproportionately benefit wealthier households. Capping or removing capital gains tax exemptions would therefore increase the tax system's progressivity while potentially limiting distortions to savings allocations and preventing housing overconsumption.

### *Czechia provides interest relief for mortgages to favour home ownership and does not tax imputed rents*

Czechia's mortgage interest relief for owner-occupied housing can reduce efficiency, equity, and tax revenue. In Czechia, mortgage interest on main residences is deductible for personal income tax purposes up to a cap, while imputed rents are not taxed<sup>17</sup> – which is common in OECD and EU countries. This cap was reduced from CZK 300 000 to CZK 150 000 per year for new mortgages by the 2021 amendment of the Income Tax Act, and is now likely to apply to the average mortgage.

Many OECD countries also grant mortgage interest relief for owner-occupied housing even if they do not tax imputed rents, mainly as a policy tool to support home ownership. However, empirical evidence has

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<sup>17</sup> In the case of owner-occupied property, there is a compelling case for providing mortgage interest relief where imputed rents (i.e. the in-kind income earned by owner-occupiers living in their homes) are taxed. If imputed rents are not taxed, the justification for allowing costs, including mortgage interest payments, to be deducted appears limited as there is no corresponding taxable income.

shown that mortgage interest relief for owner-occupied housing is not effective at raising home ownership rates while also being costly and regressive when imputed rents are not taxed, and reducing housing affordability by pushing up prices where housing supply is constrained (OECD, 2022<sup>[55]</sup>).

### *Current practices and approaches in other OECD countries*

#### **Caps on capital gain exemptions**

Some OECD countries apply a capped capital gains tax exemption. In the United States, the 1997 Taxpayer Relief Act introduced a tax-free exclusion rule for real estate. Capital gains up to USD 250 000 (or USD 500 000 for married couples filing jointly) on the sale of the main residence can be excluded from taxation if the home has been owned and used as the main residence for at least two of the previous five years. Mexico also exempts capital gains on owner-occupied housing if the gain is below 700 000 investment units (roughly USD 250 000) and if the taxpayer has not disposed of housing within the previous five years. Korea exempts capital gains for houses valued below KRW 900 million (approximately USD 790 000) if they do not qualify for a full exemption based on the holding period.

#### **Mortgage interest relief**

Mortgage interest relief is one of the most common tax policy tools to support home ownership across OECD countries, although its effectiveness is not consensual and foregone revenues can be significant. Removing mortgage interest relief on owner-occupied dwellings is complex as it creates winners and losers and can disrupt the housing market through lower housing prices, with wider effects on the economy. Some OECD and EU countries have introduced a gradual phasing out of mortgage interest relief to address these concerns.

In Ireland, mortgage interest relief for owner-occupied housing was gradually phased out after 2009 in response to housing price inflation and the increased volatility of property markets. As the scheme was phased out, new mortgages taken out after January 2013 did not qualify anymore and the relief expired for mortgages taken out prior to 2004. The relief continued to apply up to the end of 2020 for households who bought a home on a mortgage between 2004 and 2012, given high property prices and mortgage repayment obligations. The highest rate of relief (capped at a maximum interest amount) was applicable to households that bought a property between 2004 and 2008 at the peak of the housing boom. For property purchases in other years, the rate of relief was between 15% and 25%. The scheme was initially set to expire in 2017, but an extension was implemented to phase out relief more gradually and avoid a spike in mortgage payments for MIR recipients in 2018. Subsequently, the amount of mortgage interest qualifying for relief was gradually reduced from 75% of the existing relief in 2018, to 50% in 2019 and 25% in 2020. The mortgage relief scheme has been fully abolished since January 2021 (OECD, 2022<sup>[55]</sup>).

In the Netherlands, the rate at which mortgage interest can be deducted was also reduced for both new and existing mortgages. This rate reduction was initially phased in very gradually, targeting a reduction in the marginal income tax rate at which mortgage interest could be deducted from 52% to 38% between 2014 and 2042. Given a continued and accelerating increase in housing price inflation, particularly in cities, the government agreed on an acceleration of the reduction and a lowering of the rate by one percentage point in 2018. The new target rate was set at 37% and reached in 2023 (OECD, 2022<sup>[55]</sup>).

#### **2.3.4. Recommendations to secure funding for affordable housing development and limit dwelling vacancies through housing tax reform**

Reforms aimed at addressing the inefficiencies and negative impacts of the current property tax system should be designed and introduced as a comprehensive and sequenced package that ensures efficiency of the system, help secure more resources for the provision of affordable housing is appropriately

implemented and monitored. Careful attention should be put into making the reforms acceptable. With a high rate of home ownership – 71% of dwellings were owner-occupied in 2021 – property tax reforms can become easily unpopular and stall. The reform package could build on the following elements:

*Transitioning from an area based to a value-based property tax*

- **Introduce mass valuations of residential properties, first, and extend it to other properties and land as the system gets established as the cornerstone and basis for the property tax reform.** The valuation could be first conducted at the central level in close co-operation with local authorities. Since Czechia has the largest number of municipalities per inhabitant in the OECD (see section 2.2.2 above), and these municipalities tend to be small, they may not have the technical capacity to conduct mass valuations. A larger local body could be more relevant to conduct the valuations in the case of smaller municipalities or groups of municipalities (as recommended above for spatial planning). The valuation can be initially conducted every other year with a view of moving towards an annual evaluation as capacity strengthens. The Real Estate Statistics database developed by the Czech Statistical Office can provide the initial basis for the valuation.
- **Design a new property tax system that would be based on the market value of the residential property and land, and gradually increase these recurrent taxes on land and property over time to increase revenue and discourage over-investment in housing.** The new system could be introduced once market values have been appropriately assessed to determine tax rates. Rates could be legislated at the central level and revenues should remain with municipalities.
- **Consider introducing deferrals or other relief for low-income households and liquidity-constrained households.** Once the rates have been set, tax relief could be determined for some groups of households.
- **Consider introducing differentiated tax rates for main residences versus secondary residences or vacant dwellings.** Once the rates have been set, the design of property taxes could additionally consider the occupancy status of dwellings. This would require the authorities to gather information from property owners and could take the form of discounted property rates for occupied housing (either owner-occupied or rented).

*Considering targeted taxes on vacant dwellings in areas with high housing demand*

- **Consider introducing a vacant housing tax in areas where there is a significant imbalance between supply and demand as the recommended property tax reform is being introduced.** The implementation could start in areas with high population density, where there is likely an undersupply of dwellings – such as Prague. More generally, the legislation could determine the criterion for introducing the tax (for example, the size of the urban area and the demand for housing relative to the supply). Rates could be determined on the basis of the market value of the property to be effective, and could ultimately rely on the same valuation database needed for the suggested property tax reform discussed above. As property tax rates increase, the rate could be remodulated.
- **Assign resources and technical support to municipalities for the monitoring and enforcement of vacant dwelling taxes.** The only source of information on dwelling vacancies in Czechia is the census, which is undertaken every ten years. To be effective, a vacant-dwelling tax would need to be accompanied by an enforcement mechanism, for example through audits of self-declarations of vacant dwellings. The identification mechanism could be based on data on, for instance, utility consumption information (gas, electricity or water usage) provided by distributors. Collaborative resources could be created for municipalities to facilitate their housing market analysis and identification of vacant dwellings.

- **Provide for an assessment of the effectiveness of the tax in reducing vacant dwellings.** The enabling legislation could already require the assessment of the effectiveness of the tax four to five years after implementation. Resources should be assigned to municipalities to monitor and collect data on vacant dwellings and long-term rentals.

*Reforming capital gains taxes on housing and phase out mortgage interest deductibility for primary residences*

The Czech authorities could consider the following policy actions:

- **Consider capping capital gain exemptions on primary residences, adjusting the gains taxed for inflation, and removing capital gains exemptions for secondary homes.** The cap could be set high enough to exclude the majority of households, with the aim to capture only the top of the distribution, and frequently updated to account for housing price inflation. The tax could apply to gains earned after a specific date to avoid taxing excessively long-term homeowners. The tax could also consider any existing rules on unrealised capital gains, in order to not disincentivise homeowners from selling their property.
- **Continue to gradually phase out mortgage interest relief for owner-occupied housing.** The cap on deductibility has already decreased from CZK 150 000 to CZK 300 000 and should be further scaled back over time for new and existing mortgages until it is no more applied to new mortgages.

## 2.4. Summary of recommendations

Table 2.12 below summarises the recommendations to increase housing affordability in Czechia across the three pillars, linked to the relevant existing legislation when applicable:

- *Pillar 1* focuses on strengthening the operational and legal framework for affordable and social housing providers by introducing a national definition of social and affordable housing and legally defining the roles of not-for-profit and limited-profit providers. These efforts can be supported by existing programmes, for instance the affordable housing programme run by the State Investment Support Fund.
- *Pillar 2* addresses how spatial planning, land regulation and land-based finance tools can be used more effectively to deliver affordable housing through local planning reforms, improved coordination across government levels, and capacity-building for municipalities.
- *Pillar 3* focuses on housing and property tax reforms to reduce dwelling vacancies and secure funding for affordable housing programmes, which include transitioning to value-based property taxes, the introduction of targeted taxes on vacant homes in high-demand areas, and reforming capital gains and mortgage interest tax rules.



**Table 2.12. Recommendations to strengthen policies and institutions to increase housing affordability and investment in Czechia**

Recommendation	Related programme	Related legislation
<b>Pillar 1. Refining the framework and operational mechanisms for affordable and social housing provision</b>		
<b>1.1. Introducing a universal legal definition of affordable and social housing building on the existing definitions included in the IROP programme and the State Investment Fund affordable rental housing scheme</b>		
Build on the definitions of social and affordable housing currently related to existing programmes to create a universal legal framework, facilitating the provision of both, including through financial and regulatory incentives.	Affordable Housing Programme of the State Investment Support Fund Integrated Regional Operational Programme 2021-2027 – Social Housing II	Amendment of the State Investment Support Fund of 8 March 2024, Act No. 126/2024 Coll. Regulation of the State Investment Support Fund, Act No. 211/2000 Coll.
Develop targeted financing mechanisms to back the provision of social and affordable housing building on existing programmes and introduce incentives for the take up of these programmes.	Affordable Housing Programme of the State Investment Support Fund Integrated Regional Operational Programme 2021-2027 – Social Housing II	Amendment of the State Investment Support Fund of 8 March 2024, Act No. 126/2024 Coll. Regulation of the State Investment Support Fund, Act No. 211/2000 Coll.
<b>1.2. Establishing a legal framework to define the role and responsibilities of affordable and social housing providers</b>		
Introduce legislation defining the role and obligations of not-for-profit/limited-profit affordable and social housing providers.	Czech Housing Strategy 2021+	Legislation currently being considered on limited and not for profit housing providers. Current legislation only related to housing cooperatives (Act No. 90/2012 Coll., Business Corporations Act).
Provide capacity development for not-for-profit / limited profit affordable and social providers to support the emergence of these actors.		
<b>Pillar 2. Unlocking the development of affordable housing through more efficient spatial planning governance and land regulation</b>		
<b>2.1. Leveraging local planning tools to boost affordable housing supply in high-demand areas and promote compact urban development</b>		
Direct housing development to areas with the greatest needs while mitigating urban sprawl and its associated environmental, economic, and social externalities.		Building Act No. 283/2021 Coll.
Adapt planning requirements to municipal sizes and capacities to improve their responsiveness to demand, especially in high-demand areas.		Building Act No. 283/2021 Coll.
Provide municipalities with greater flexibility in local planning, allowing for a quicker and more adapted response to housing needs.		Building Act No. 283/2021 Coll.
Streamline the permitting process to accelerate affordable and social housing development.		Building Act No. 283/2021 Coll.
<b>2.2. Improving coordination between different levels of government, sectoral policies, and between municipalities to increase affordable housing production</b>		
Coordinate spatial planning at the scale of the functional area to further strengthen intermunicipal coordination and better address urban and housing needs across territories.		2000 Act on Municipalities and Building Act No. 283/2021 Coll.
Create a cross-sectoral and multi-level dialogue body to improve the vertical and horizontal coordination of spatial planning and housing policies.		2000 Act on Municipalities
<b>2.3. Enhancing the use of land-based finance tools to support affordable housing development</b>		
Clearly lay out affordable housing requirements on developers in legislation.		Sections 130-132 of the <i>Building Act 283/2021</i> and <i>Act 565/1990</i> on local fees
Base affordable housing requirements on the increase in land value from development approvals.		
Manage public land strategically to provide affordable housing.		

<b>2.4. Enhancing technical and human capacity of local governments would help increase the efficiency of the planning process</b>		
Expand the expertise in urban planning and housing as well as in land-based finance by enhancing initial and professional training.		
Leverage on the urban and housing capacities within larger local authorities to provide expertise to smaller municipalities.		
<b>Pillar 3. Securing funding for affordable housing development and limiting dwelling vacancies through housing tax reform</b>		
<b>3.1. Transitioning from an area-based to a value-based property tax</b>		
Introduce mass valuations of residential properties, first, and extend it to other properties and land as the system gets established as the cornerstone and basis for the property tax reform.	Real Estate Cadastre (KN) <a href="#">Rent Prices Map</a>	Real Estate Tax Act (Act No. 338/1992).
Design a new property tax system based on the market value of the residential property and land, and gradually increase these recurrent taxes on land and property over time to increase revenue and discourage over-investment in housing.	Real Estate Cadastre (KN) <a href="#">Rent Prices Map</a>	Real Estate Tax Act (Act No. 338/1992).
Consider introducing deferrals or other relief for low-income households and liquidity-constrained households.		Real Estate Tax Act (Act No. 338/1992).
Consider introducing differentiated tax rates for main residences versus secondary residences or vacant dwellings.		
<b>3.2. Considering targeted taxes on vacant dwellings in areas with high housing demand</b>		
Consider introducing a vacant housing tax in areas where there is a significant imbalance between supply and demand as the recommended new property tax system is being introduced.		Real Estate Tax Act (Act No. 338/1992).
Assign resources and technical support to municipalities for the monitoring and enforcing of the vacant dwelling tax.		
Provide for an assessment of the effectiveness of the tax in reducing vacant dwellings.		
<b>3.3. Reforming capital gains taxes on housing and phase out mortgage interest deductibility for primary residences</b>		
Consider capping the capital gain exemption on primary residences, adjusting the gains taxed for inflation, and removing capital gains exemption for secondary homes.		Income Tax Act (Act No. 586/1992).
Consider gradually phasing out mortgage interest relief for owner-occupied housing.		Income Tax Act (Act No. 586/1992).

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# **3**

## **Improving housing affordability and tailored housing solutions for vulnerable groups in Poland**

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Access to affordable housing remains a central policy challenge in Poland, as the social housing stock has declined in recent decades, and ongoing efforts to deinstitutionalise support services have further increased demand. This chapter assesses policy challenges and draws on international practices to provide actionable recommendations for expanding housing solutions for people with limited or no support needs. The chapter recommends increasing the supply of affordable housing and mobilising privately-owned dwellings for social purposes. It also recommends providing tailored housing solutions with integrated social and health services for people with higher support needs by further integrating social and housing services, increasing the supply of supported and training housing, and implementing measures to prevent homelessness. Finally, Poland can provide support for preventive housing adaptations and renovations to improve the physical accessibility of dwellings.

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Access to affordable housing has become an increasingly pressing policy priority in Poland, as housing supply has not kept pace with demand, contributing to growth in real house prices over the past decade. Many low-income households spend a large share of their disposable income on housing: among households in the bottom income quintile, nearly two-thirds of renters in the private rental market and a third of owners with a mortgage spent over 40% of their disposable income on total housing costs (including mortgage principal and interest repayment, rents, insurance, mandatory services and charges, regular maintenance and repair, taxes and utilities) (OECD, 2024<sup>[1]</sup>). Further, an estimated 35% of all households fall into the “rental gap,” as it is characterised by the Polish authorities – that is, they earn too much to qualify for municipal housing, yet struggle to afford purchasing or renting on the market. The rate varies across different household types and is highest among single-parent households and two parent-households with three or more children, where it can exceed 60% (Czerniak and Kroszka, 2024<sup>[2]</sup>). Poland’s high rate of home ownership (around 83% in 2021; see Chapter 1) has, in part, traditionally helped to cope with this situation, particularly among households who own their home outright. However, the existing housing stock is, on average, ageing and of poor quality, with just under a third of households living in overcrowded housing conditions (OECD, 2024<sup>[1]</sup>).

Other factors, including the arrival of over a million Ukrainian refugees in Poland since February 2022, have put further strain on the housing market. More than 1.9 million people have registered for temporary protection in Poland as of the end of 2024 – the highest number among EU countries – and nearly a million refugees have been recorded in Poland (UNHCR, 2025<sup>[3]</sup>). The vast majority of Ukrainian refugees are women and children, and most have settled in cities, in some cases, expanding the population of urban areas by more than half (see Table 3.1). The inflow of refugees has increased pressure on an already tight rental housing market, reinforcing the upward pressure on rental prices, while also deepening the need for social integration measures in local communities.

These evolutions of the housing market have occurred in parallel to the broader process of deinstitutionalisation, whereby Poland has continued its efforts to shift the provision of social services from institutional to community-based settings in municipalities. The ongoing deinstitutionalisation of support services in Poland, and more broadly in the European Union, relates to, *inter alia*, long-term care and health facilities, the foster care system, the criminal justice system and emergency shelters for people experiencing homelessness (Cojocariu, 2022<sup>[4]</sup>). This is in line with the provisions of the *United Nations Convention on the Rights of Persons with Disabilities*, the *United Nations Convention on the Rights of the Child*, as well as *EU Guidance on independent living and inclusion in the community* (Box 3.1).

### Box 3.1. What does “deinstitutionalisation” mean?

Deinstitutionalisation refers to a shift in the provision of services from institutional to community-based care. This transition is based on several international and European conventions and charters, including:

- The United Nations Convention on the Rights of Persons with Disabilities;
- The United Nations Convention on the Rights of the Child;
- The United Nations Guidelines on the Use and Conditions of Alternative Care for Children; and
- The European Fundamental Rights Charter.

As part of the UN Convention on the Rights of Persons with Disabilities, the *Guidelines on deinstitutionalisation, including in emergencies* states that “[d]einstitutionalisation comprises interconnected processes that should focus on restoring autonomy, choice and control to persons with

disabilities as to how, where and with whom they decide to live.” In addition, “[d]einstitutionalisation processes should aim at ending all forms of institutionalisation, isolation and segregation of persons with disabilities, in both private and public spheres” (UN Committee on the Rights of Persons with Disabilities, 2022<sup>[5]</sup>).

At the European level, the European Expert Group on the Transition from Institutional to Community-based care defines deinstitutionalisation as “the process of developing a range of services in the community, including prevention, in order to eliminate the need for institutional care” (European Expert Group on the Transition from Institutional to Community-based Care, 2023<sup>[6]</sup>).

In this context, many individuals in vulnerable situations face challenges in accessing housing solutions and related social and health supports that enable them to live independently in their local communities. This includes people who may require varied types of integrated housing and health and social care support, such as, for instance, older people, people with disabilities, people with a mental health disorder, youth leaving foster care, people experiencing homelessness, and migrants (Box 3.2).

### Box 3.2. Vulnerable groups covered in this analysis

The analysis covers the following vulnerable groups, summarised in Table 3.1.

#### **Older people**

Most older people in Poland live in private dwellings, as caregiving is overwhelmingly provided for by the family. While a large share of older people prefers to stay in their current place of residence, their current housing situation is not always suitable to their needs (Jancz and Trojanek, 2020<sup>[7]</sup>). Challenges related to current dwellings include, for example, difficulties in providing accessibility features such as lifts, ramps, or other physical adaptations that support mobility, independent living, and self-care. Adaptation involves both the ability to access the housing and to use its features effectively.

#### **People with disabilities**

In December 2023, there were 4 million people with a valid certificate of disability or degree of disability issued by a disability assessment board, or a certificate of incapacity for work, representing roughly 10% of the total population. The housing-related adaptations and support needs for people with disabilities vary considerably, depending on the type and intensity of the disability. Relevant adaptations may include, for instance, removing architectural barriers inside and outside residential buildings (as discussed for seniors), or varying levels of care integrated within the housing unit, or accessible within the community.

#### **People with mental health disorders**

More than 1.5 million adults and 200 000 children were treated in facilities for psychiatric care and addiction in Poland in 2019 (Ministry of Family and Social Policy, 2022<sup>[8]</sup>). Several surveys have highlighted the preference for people with mental health disorders to live independently in supported housing rather than in institutional settings (Richter and Hoffmann, 2017<sup>[9]</sup>).

#### **Youth leaving foster care**

At the end of 2023, there were 75300 children and youth in the foster care system in Poland (just under 1% of all children and youth), of which 23% were in institutional care. Among all individuals in the foster

care system in Poland, 16.4% were between the ages of 18 and 24. Supporting children who are ageing out of the care system and helping them transition to independent living remains a significant challenge in Poland, as it does in many OECD and EU countries (OECD, 2022<sup>[10]</sup>). One important barrier to access to housing is that young people leaving the care system are at the bottom of a very long waiting list for social and municipal housing and lack family support to secure other housing.

### People experiencing homelessness

In 2024, at least 31 042 people were experiencing homelessness in Poland, representing 0.08% of the total population (Ministry of Family, Labour and Social Policy, 2024<sup>[11]</sup>). Around three-quarters of those experiencing homelessness (23 404 people) were staying in accommodation for the homeless, while roughly 21% (6 648 people) lived in public areas and places not fit for human habitation. Roughly 3% of people experiencing homelessness (990 people) were accommodated in supported or training housing. Alcohol dependence and family conflict were identified as leading causes of homelessness, while evictions also played an important role (Ministry of Family, Labour and Social Policy, 2024<sup>[11]</sup>).

### Migrants

In 2021, the Polish Census recorded roughly 750 000 people born outside of Poland (OECD, 2023<sup>[12]</sup>), representing an increase of around 10% since 2011 (Statistics Poland, 2023<sup>[13]</sup>). In 2021, the main countries of birth of the foreign-born population were Ukraine (24%), Germany (13%) and Belarus (9%). By the end of 2024, approximately 0.95 million Ukrainians were living in Poland under temporary protection, while around 1.9 million Ukrainian refugees -- primarily women and children -- had applied for temporary protection from the start of the full-scale invasion through January 2025 (Statistics Poland, 2022<sup>[14]</sup>). According to a survey jointly conducted by the OECD and the European Union Agency for Asylum (EUAA), nearly half of Ukrainians applying for temporary protection were staying with local families (29%) or with family and friends (20%) in the early part of 2022 (OECD, 2022<sup>[15]</sup>).

**Table 3.1. Population of vulnerable groups**

Vulnerable group	Number of individuals	Share of total population (%)	Population living in institutions and/or temporary housing
Older people (60+)	9 900 000 (2023)	26%	76 100 (2021)
People with disabilities (holding a disability certificate)	4 006 000 (2023)	10%	21 745 (2019)
People with mental health disorders (treated in psychiatric care)	1 650 000 (2019)	4%	19 948 (2020)
Children in foster care	75 300 (2023)	0.9% of child population	17 100 (2023)
People experiencing homelessness	31 042 (2024)	0.08%	23 404 (2024)
Migrants			
Foreign-born population	2 106 101 (2020) <sup>(a)</sup>	5.5%	N/A
Refugees from Ukraine	998 070 (2024)	2.5%	42 200 (2023) <sup>(b)</sup>

Notes: Individuals may fall into multiple categories: for instance, some older people may live with a physical or mental disability; some people with a disability certificate may also be included in data on people with mental health disorders who have been treated in psychiatric care; some individuals experiencing homelessness or children in foster care may also face mental health challenges. (a) Data refer to people recorded in Polish registers and does not consider the recent increase in refugees and asylum seekers from the conflict in Ukraine. (b) Data from the Ministry of Interior and Administration from end of Q4-2023. From February 24, 2022, to December 27, 2023, around 531 000 people were accommodated in organised accommodation in all Polish *voivodeships*. This includes centres for common accommodation (e.g., hostels, hotels, etc.), which largely accommodate women, children and/or older people.

Source: Ministry of Family, Labour and Social Policy (2022), Strategy of Social Services; Statistics Poland (2024), The situation of older people in Poland in 2023; Statistics Poland (2024), Disabled persons in Poland in 2023; Statistics Poland (2024), Foster care in 2023; UNHCR (2025), Ukraine Refugee Situation; data from the Ministry of Interior and Administration.

In addition to access to social services, vulnerable groups, notably people with disabilities and older people, often require physical adaptations to their dwellings to live comfortably and safely at home. In the context of a rapidly ageing population – the share of the population aged 65 and over as a percentage of working-aged population is expected to increase from below 30% today to 70% in 2060 – the housing stock will require large-scale adaptations to improve accessibility (United Nations, 2022<sup>[16]</sup>). For instance, relevant adaptations could include removing architectural barriers inside and outside residential buildings, introducing lifts, ramps, or tactile or lighting features. However, the housing-related adaptations and support needs for people with disabilities and older people vary depending on the type and intensity of the disability.

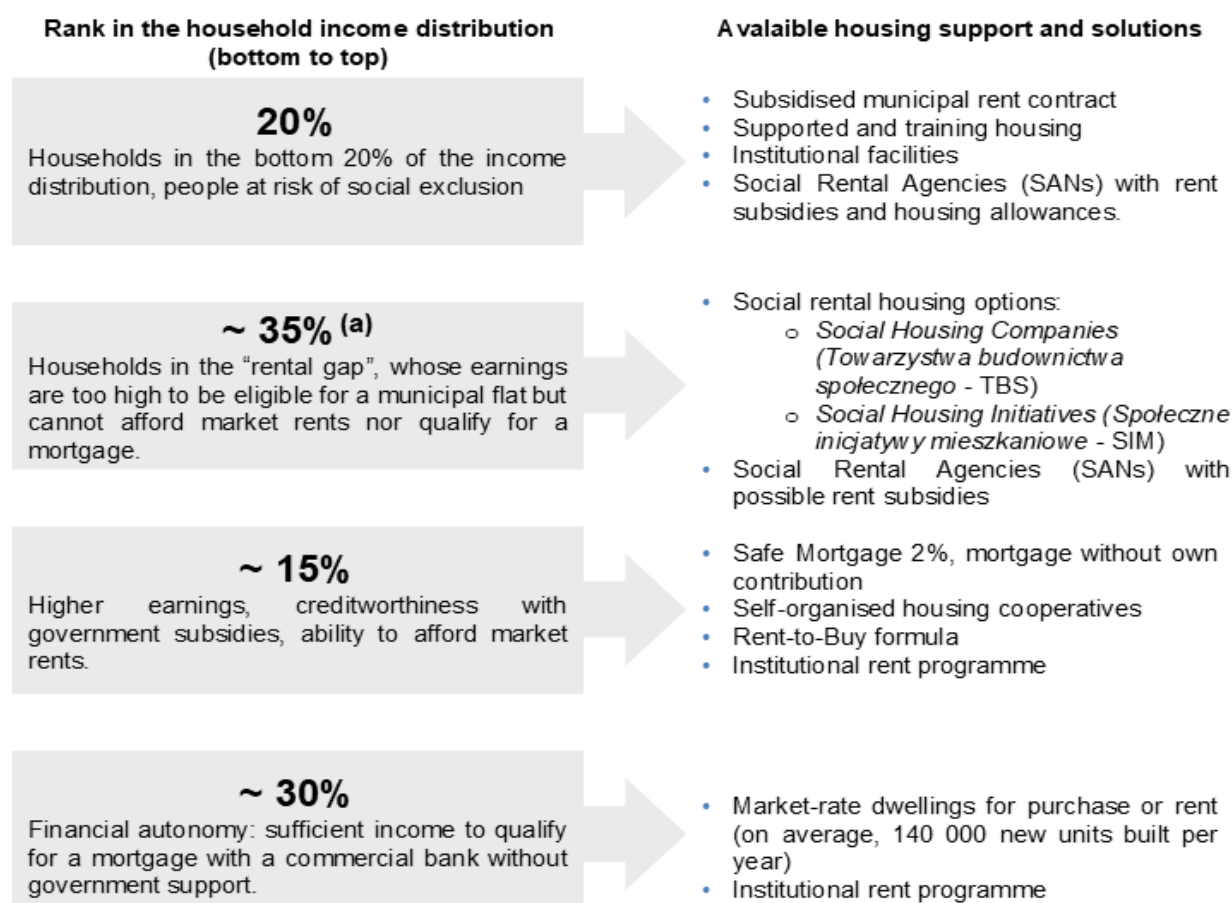
This chapter proposes a series of policy recommendations to support the Polish authorities in improving housing affordability and delivering tailored housing solutions for vulnerable groups, organised into three pillars:

- Pillar 1: Boosting the supply of affordable housing to expand housing solutions for people with limited or no support needs;
- Pillar 2: Providing tailored housing solutions with integrated social and health services for people with higher support needs;
- Pillar 3: Facilitating physical adaptations to housing for older residents and people with disabilities.

### 3.1. Boosting the supply of affordable housing to expand housing solutions for people with limited or no support needs

Improving the conditions and affordability of the housing market is an important policy objective for the Polish government and can in turn help to expand opportunities for vulnerable groups – particularly those with limited support needs – to access suitable housing. Diverse housing supports have been designed to target different types of households along the income distribution, including, among other things, social rental and municipal housing, rent subsidies and (for higher-income households) mortgage support (Figure 3.1). Several measures are particularly relevant for vulnerable groups, such as municipal housing or social rental agencies (SANs) (Box 3.3). Building on recent and ongoing policy reforms and planned investments, there are opportunities for the Polish authorities to strengthen the national policy framework for affordable housing and to mobilise the private housing stock for affordable housing solutions for vulnerable groups.

Figure 3.1. Available housing supports across the income distribution in Poland



Note: (a) The “rental gap” estimate is taken from: Polityka insight (2024), The rent gap in Poland in the years 2010-2022, <https://www.politykainsight.pl/resource/multimedia/20355765>.

Source: Adapted from information provided by the Polish authorities.

### Box 3.3. Defining different types of affordable housing in the Polish context

**Affordable housing** is understood as an umbrella term that refers to measures aimed at providing housing at below market rates, with clearly defined eligibility criteria.

Within this framework, different instruments target various population groups. In the Polish context, **social housing** (*mieszkalnictwo społeczne*) is subset of affordable housing, and is broadly understood to comprise **municipal housing** and **social rental housing** (TBS/SIM).

#### Types of affordable housing

- Municipal housing** (*budownictwo/mieszkalnictwo komunalne, mieszkaniowe zasoby gminy*): dwellings for low-income and very low-income households, and individuals at risk of social exclusion. Municipalities are responsible for managing the stock of municipal housing, including undertaking renovations and setting rent levels and eligibility conditions. Since 2019 there are two different rental agreements for municipal housing: **regulated rental agreements**

**for an indefinite duration** (*umowy najmu na czas nieograniczony*); and **social rental agreements** (*umowy najmu socjalnego*) – regulated, subsidised rental agreements for a fixed term, dedicated to low-income households and most vulnerable tenants.

- **Social rental housing** (*budownictwo/mieszkalnictwo społeczne czynszowe*) developed and managed primarily by not-for-profit companies - **Social Housing Initiatives** (*Spółeczne Inicjatywy Mieszkaniowe*, SIM) and **Social Housing Companies** (*Towarzystwa Budownictwa Społecznego*, TBS), for households that have sufficient means to regularly pay rent but whose income is too low to qualify for a mortgage. While the legal framework for TBS was introduced in 1995 to expand the social rental housing stock, national policy shifted in 2021 toward supporting SIMs as the new model for affordable housing development. TBS are typically owned by municipalities, whereas SIMs are often co-owned by municipalities and the Polish Development Bank (BGK). Both TBS and SIMs are currently tasked with increasing access to affordable housing.
- **Housing cooperatives** (*spółdzielnie mieszkaniowe*) are non-profit private entities, which provide a range of affordable housing options (cooperative tenancy rights, cooperative ownership rights, full ownership, and rental apartments). The majority of housing units provided by cooperatives are owner-occupied: the resident owns the apartment itself, while the cooperative retains ownership of the land and the building. A smaller share of units is rented.
- **Social rental agencies** (*Spółeczne Agencje Najmu*, SANs) are entities that act as an intermediary between flat owners and vulnerable renters. SRAs cover the risk of non-payment or damages in rented dwellings and negotiate rents below market levels (discussed further in section 3.1.2).

Note: This typology has been developed specifically for the purposes of this report, to help align the terminology used in various Polish legislative documents with that found in OECD reports. It is not intended to be exhaustive or a rigid classification of existing measures within the Polish legal framework.

### 3.1.1. Strengthening the policy framework for affordable housing

#### *A long-term national strategy for affordable housing*

A long-term national housing strategy can be an important step to help public authorities define priorities, determine clear, measurable goals and the corresponding actions and resources to achieve them, and convene relevant actors to define and pursue a common objective (OECD, 2024<sup>[17]</sup>). For a cross-cutting issue such as housing – and particularly with respect to housing policies for vulnerable groups, which often require close coordination with other social and health policy areas – a shared strategy tool at the national level is especially relevant.

In 2016, the Polish Council of Ministers adopted the National Housing Programme (*Narodowy Program Mieszkaniowy*) by Resolution no. 115/2016, which set out the strategic objectives of the state's housing policy to 2030, including i) expanding access to housing for people with incomes that do not allow for the purchase or rent of a flat under commercial terms and conditions; ii) supporting people at risk of social exclusion to satisfy their basic housing needs, due to low incomes or a difficult situation; and iii) improving the technical condition of housing and enhancing energy efficiency. However, the National Housing Programme, adopted in 2016, was never updated, and many of the policies and programmes identified therein, such as the Mieszkanie+ package, are no longer active. Further, frequent policy changes have generated uncertainty over the long-term viability of public support schemes and a lack of clarity regarding the general housing policy direction, a point raised by respondents to the OECD Stakeholder Survey.



Recent developments highlight the growing importance of housing in the policy agenda and reflect the government's long-term commitment to expand the supply of affordable housing. In March 2025, the government repealed the National Housing Programme by Resolution No. 21 of the Council of Ministers. A new set of housing policy instruments, *Keys to Housing*, will be introduced, reflecting a revised strategic vision developed and implemented by the Ministry of Economic Development and Technology. These new measures will be incorporated into the broader framework for housing policy under the Medium-Term Development Strategy to 2035 (*Średniokresowa Strategia Rozwoju Kraju do 2035 roku*), which is being coordinated by the Ministry of Development Funds and Regional Policy.

### *Resources, incentives and tools to expand and improve social rental and municipal housing*

While Poland has recorded some of the most dynamic housing development in Europe in recent years, only a very small share of new development (around 2%) has been dedicated to social housing (Samorek and Cichocki, 2023<sup>[18]</sup>). Social housing (*mieszkalnictwo społeczne*) makes up around 6.3% of the total housing stock in Poland, close to the OECD and (7%) and EU averages (7% and 7.7%, respectively). In Poland, social housing consists of the dwelling stock owned by municipalities (*gminy*), social housing initiatives (SIM), social housing companies (TBS) and the State Treasury, in addition to other companies and entities (see Box 3.3).

Municipalities are responsible for providing and maintaining municipal housing (*budownictwo/mieszkalnictwo komunalne*) for low-income people, but the stock is insufficient and often of poor quality. As a result, many low-income households are not able to access municipal housing, despite meeting the eligibility requirements. There are about 120 000 households on the waiting list nationally (Statistics Poland, 2024<sup>[19]</sup>). In 2022, the average waiting time for municipal housing was approximately five years (Statistics Poland, 2022<sup>[20]</sup>).

Further, many municipalities lack the resources to develop and maintain the municipal stock. This is due, in part, to recently implemented changes to income tax revenues, which have reduced the projected revenues of local governments (Law of 7 October 2022 about amendments to the Corporate Income Tax Act and certain other acts, 2022<sup>[21]</sup>). This is also due to the rent-setting arrangements of municipal housing. Rent levels are set by municipalities, within the limits defined by national legislation, which sets a cap of up to 3% of the replacement value (*wartość odtworzeniowa*). The replacement value is determined by regional authorities (*voivodeship*) for each region and capital city, based on average construction costs. In practice, however, the rent levels set by municipalities are often significantly lower than the 3% limit by national legislation: in 2021, the average base rent rate was 1.27%. This is partially attributable to the issue of rent arrears, as over 50% of households living in municipal housing were indebted in 2023; in some cases, however, households with sufficient means may choose not to pay rent due to the complex process of initiating evictions (Lipej and Turel, 2018<sup>[22]</sup>). Further, rent subsidies are calculated based on municipal rent levels, meaning that any increase in municipal rents would raise the fiscal burden on municipalities. Due to limited enforcement tools, municipal authorities set lower rent levels to minimise losses and alleviate the impact of rent arrears on their fiscal health. As a result, municipal rent levels are approximately four times lower than those in the private rental market, according to the Ministry of Economic Development and Technology<sup>18</sup>. As a result, municipalities struggle to recover maintenance costs and in many cases have sold off a large share of their municipal housing stock (between 1995 and 2022, the stock of municipal housing in Poland decreased by more than half). A recent reform enables local governments to adjust rent levels based on tenant income for leases signed after 2019. Since April 2019, tenants of municipal housing have been required to submit a declaration of assets, which serves as a basis for the adjustment of the level of rent. Refusal to declare assets can result in the termination of the rental contract. However, local authorities are not allowed to verify the income levels of tenants who have signed a contract before 2019.

<sup>18</sup> Municipal rent levels are, on average, estimated at 18 PLN sqm, with a possible subsidy of 5 PLN sqm in Warsaw, compared to 75 PLN sqm average private market rent levels.



Therefore, it is likely that part of the stock of municipal housing is occupied by people with an income exceeding the maximum income threshold, suggesting that the stock could be put to more efficient use. Finally, the sale of municipal housing often involves substantial discounts, thus generating insufficient revenue to finance the construction of new units and further weakening the long-term capacity of municipalities to meet housing needs.

Municipalities have access to a range of financing tools aimed at supporting local social housing policies (Box 3.4). Programmes operated by the National Development Bank (BGK) (see also Chapter 1) have seen growing interest among municipalities in recent years, with the demand rising sixfold since 2019. In 2023, government funding for the social and municipal housing programme (BSK) reached a record high of over PLN 1.5 billion (EUR 350 million). This marks a substantial increase compared to the funding of just over PLN 81 million (EUR 19 million) for similar projects in 2014. Within the scope of the BSK programme, the number of agreements financed by the subsidy fund of BGK rose from 40 in 2020 to 394 in 2022. At present, BGK cannot meet the demand for all projects, resulting in projects receiving funding on a first-come, first-serve basis. The demand for funds in 2025, based on applications submitted to BGK, is estimated at approximately PLN 3 billion (EUR 704 million), with projections suggesting it could rise to as much as PLN 4 billion (EUR 938 million). This stands in stark contrast to the PLN 1 billion (EUR 235 million) allocated in the 2025 budget law.

#### Box 3.4. Financing tools to expand social housing

To expand the stock municipal housing and social rental housing, the BGK offers the following funding sources:

- **Social and Municipal Housing Support Programme (*Program Wsparcia Budownictwa Socjalnego i Komunalnego*, BSK):** The BSK programme provides municipalities with non-repayable funding that can cover up to 80% of investment costs in new housing projects, and 50% of investment costs to modernise dwellings. The majority of financing is used to develop the municipal housing stock, but it can also be used to expand the stock of supported and training housing, as well as night shelters for people experiencing homelessness, and the creation or modernisation of social and technical infrastructure (refer to Box 3.9 for an overview of long-term housing solutions and housing-related services for vulnerable groups in Poland).
- **Social Rental Housing Support Programme (*Program Wspierania Społecznego Budownictwa Czynszowego*, SBC):** The SBC programme provides preferential repayable loans for up to 80% of the cost of the construction or modernisation of rental dwellings with below-market rent, targeted towards households within the rental gap – that is they are that is, they earn too much to qualify for municipal housing (*mieszkania gminne/mieszkania komunalne*), yet struggle to afford purchasing or renting on the market. This includes the development of rental dwellings managed by social housing initiatives (SIM), social housing societies (TBS), municipal companies and housing cooperatives.

To capitalise on the growing interest of local governments in funding solutions for social housing development, among the housing measures recently proposed by the government, there is a substantial increase in public investment in municipal housing (BSK) and social rental housing (SBC). Approximately PLN 2.5 billion (EUR 600 million) are to be allocated for the BSK and SBC programmes in 2025, with total investment projected to reach up to PLN 45 billion (EUR 11 billion) by 2030. Further, the SBC programme is being extended for another year, with renewed emphasis on the need to develop a successor programme with similar objectives once SBC is phased out. Additionally, new housing policy measures, including "First Keys" and "Investments First Keys," aim to further support affordable housing development. This includes efforts to preserve the supply of municipal housing and social rental housing over the long term, including

by reinstating a ban on the sale of SBC-funded housing units and extending the restriction period for selling BSK-funded units from 15 to 25 years, with any proceeds to be reinvested into new or existing municipal housing.

### **3.1.2. Mobilising the private housing stock for social purposes**

In addition to improving and expanding the social housing supply, there are also opportunities to mobilise the private housing stock for social purposes. Social rental intermediation schemes – which are gaining ground in many OECD and EU countries – involve a variety of measures to help tenants access the private rental market at an affordable rent level. Such schemes can complement a country’s formal social housing stock and are often facilitated by social rental agencies, which play an intermediary role between property owners and social tenants. Measures can include, among other things, guaranteed rent or deposit schemes, the procurement of rental dwellings through negotiated leases with landlords on behalf of social tenants, property management on behalf of the landlord, and/or training and support for landlord-tenant mediation. In addition, renovating and repurposing vacant residential and, where feasible, non-residential units to affordable housing can be another potential source to expand the availability of suitable housing solutions.

Efforts to mobilise the private housing stock for social purposes are especially relevant in Poland, where the tenancy system is complex, with 16 types of rental contracts (e.g., verbal contracts, institutional rent contracts, etc.), which vary in the level of protections offered to property owners and tenants. Eviction proceedings last several years on average. As a result, property owners are often hesitant to lease dwellings to low-income households and other people in vulnerable situations, due to perceived risks relating to non-payment or damages, as well as stigma.

#### *Rental guarantees to incentivise property owners to lease dwellings to vulnerable groups*

Rental guarantees can be a useful tool to provide assurances to private property owners to lease dwellings to social tenants at affordable rates, thereby aiming to mitigate risks of leasing dwellings to tenants who may be considered higher risk of default. Rental guarantees provide assurance to homeowners that the rent will be paid over the duration of the contract. An analysis based on data in the United States found that the introduction of rental guarantees reduces housing instability and homelessness, particularly for young and lower-income households, while improving risk-sharing and reducing security deposits (Abramson and Nieuwerburgh, 2024<sup>[23]</sup>). Further, a study conducted in the United Kingdom found that the introduction of rental guarantees improved the likelihood that owners would rent to those receiving minimum income benefits, highlighting the potential for rental guarantees to reduce the discrimination facing vulnerable groups in the housing market (Kolker et al., 2021<sup>[24]</sup>). A number of OECD countries have put in place rental guarantee schemes, including the *Garantie Visale* in France (Box 3.5). Such schemes could be relevant in Poland to assuage property owner concerns about the potential risks associated with leasing dwellings to social tenants.

#### **Box 3.5. Rental guarantees for young people and low-income tenants: The *Garantie Visale* in France**

*Action Logement* in France offers a rental guarantee (*Garantie Visale*) to low-income workers over 30 and young people independent of their employment status, which covers the risk of unpaid rent for the entire duration of the lease. Prior to signing a contract, renters apply directly through the *Visale* website, where the application is assessed. Following approval from *Action Logement*, owners receive a deed of guarantee, which they must formally accept on the *Visale* website. Last, the contract is signed with confirmation that *Action Logement* will act as a guarantor up to a pre-specified threshold depending on

the employment situation of the renter. In the case of non-payment of rent or damages to the property, *Action Logement* reimburses the owner with the amount due by the renter. *Action Logement* then requires the renter to reimburse the sum of unpaid rent, according to a schedule which varies based on the financial means of the renter. In the case of continued non-payment, *Action Logement* can initiate an eviction procedure against the renter. There are currently over 2.1 million people with a *Visale* guarantee in France.

*Visale* is financed directly by *Action Logement*, which receives 0.45% of the income of non-agricultural workers (14 million workers) in the private sector to expand housing construction in France, including social and affordable housing.

In 2021, the Research Centre for the Study and Observation of Living Conditions (CREDOC) circulated a survey to beneficiaries of *Visale*, including both renters and owners. The survey found that 83% of users agreed that *Visale* facilitated their access to housing. Further, it found that 76% of owners loosen their selection criteria for future renters if they utilise *Visale*, and that 79% of contracts which utilised *Visale* would not have been agreed upon without *Visale*.

### *Social rental agencies as intermediaries between property owners and social tenants*

Social rental agencies (*Spółeczne Agencje Najmu*, or SANs) have been gaining in importance in Poland, yet remain underdeveloped. SANs have largely targeted middle-income households and vulnerable individuals at risk of exclusion. SANs assume the risks relating to non-payment or damages in the rented flats and can also offer additional social services for tenants. Analysis from Flanders (Belgium) found that social rental agencies are more likely to reach vulnerable groups than municipal housing, and tenants are more likely to have access to social support services (Winters and Van Den Broeck, 2022<sup>[25]</sup>). France also has an established system of social rental intermediation schemes to facilitate access to affordable housing for social tenants (Box 3.6).

#### **Box 3.6. Social rental agencies as part of rental intermediation schemes to facilitate access to affordable housing in France**

In France, rental intermediation (*intermédiation locative*) helps to improve the affordability of rental housing, particularly for vulnerable populations who face difficulties in securing accommodation on the private market. In practice, it involves the collaboration of public and private actors to bridge the gap between landlords and tenants in the commercial rental sector, providing guarantees to owners of private rental dwellings while ensuring stable, accessible housing for tenants.

Rental intermediation relies on two operational modes in France:

- Social rental agencies (*Agences Immobilières Sociales – AIS*), such as AIVS/FAPIL or Soliha-AIS, are accredited by the local prefect to sign management mandates (*mandats de gestion*) with private owners. The AIS establishes the lease between the landlord and the tenant, ensures the maintenance of the dwellings and can offer a guarantee on the rent to the landlord, as well as social assistance to the tenant. The duration of lease must be at least three years, and in exchange landlords are eligible for a reduction in property income taxes up to 65% (depending on the rent reduction) through the ANAH's *Loc'Avantages* programme, as well as technical and financial assistance to renovate their dwellings.
- The *Solibail* rental intermediation mechanism allows property owners to rent their dwellings to an association or NGO at a reduced price for a minimum of three years. It is overseen by the

Regional and Inter-Departmental Habitat and Housing Administrations (*Direction Régionale et Interdépartementale de l'Hébergement et du Logement* – DRIHL), which establishes the list of public-interest NGOs and associations allowed to use Solibail (e.g. NGOs providing housing solutions to people experiencing homelessness). As the formal renter, the association or NGO pays rent to the landlord every month, on behalf of the tenant – meaning the landlord has a guaranteed rental income for the duration of the lease, even if the dwelling is vacant. The association can then rent out the dwelling to people in need of an affordable housing solution. As of January 2023, more than 7 000 flats had been rented in the Paris-Ile de France region through this mechanism, with more than 5 000 participating property owners.

In Poland, SANs may be operated by NGOs, other public benefit entities, limited liability companies and joint stock companies in which the municipality (or municipalities) holds more than 50% of the shares. Property owners have several incentives to set rent at below-market levels, including a tax exemption on rental income, a guarantee of regular rent payments, and relief from administrative duties (which are taken over by SANs). Starting from 1 January 2024, SRAs may also purchase housing to carry out renovations and adapt dwellings that are vacant and/or of poor quality.

The stock of apartments managed by SANs in Poland remains limited. Social rental agencies – including formalised SANs and similar models, all primarily operated by NGOs – currently manage over 400 housing units.<sup>19</sup> By the end of 2024, 12 municipalities reported to the Minister of Economic Development and Technology that they had entered into cooperation agreement with an entity operating a SAN. The expansion of SANs depends on municipalities, which must initiate a partnership with an entity interested in operating as one. However, many municipalities face tight budget constraints, especially following the 2023 reforms to income tax revenues and often lack the necessary technical capacity in housing policy. While current programmes provide a legal framework for establishing SANs and offer funding to support the renovation of vacant housing for SAN use, additional efforts are needed to incentivise municipalities to prioritise SAN development and facilitate the ability of SANs to procure housing units to manage.

The recently adopted legal instrument for SANs (Ustawa z dnia 28 maja 2021 r. o zmianie ustawy o niektórych formach popierania budownictwa mieszkaniowego oraz niektórych innych ustaw (Dz.U. poz. 1243)) is expected to facilitate scaling up SANs in municipalities, and the Ministry of Economic Development and Technology is considering additional legislative proposals to further develop SANs. Although there is currently no legal framework to guarantee stable, long-term central funding for SANs, the Ministry of Development Funds and Regional Policy has taken steps to leverage ESF+ resources. In 2024 and 2025, the Ministry launched a funding application process, offering a total of PLN 100 million (EUR 23 million) to support local governments in establishing and developing SANs. New agencies can receive up to PLN 10 million (EUR 2.3 million) for three years, to cover operations, renovations, and furnishing. Across the two calls for applications, approximately 700 housing units are expected to be acquired for social leasing. Beneficiaries will include the most vulnerable tenants, in line with the ESF+ programme requirements, reflecting a broadening of the original target group in Poland (e.g., middle-income households caught in the “rental gap”).

### *The potential to mobilise vacant residential and non-residential buildings for affordable housing*

Poland has a substantial share of vacant residential and non-residential dwellings that could be evaluated as a potential of affordable housing. The suitability of repurposing vacant and non-residential dwellings into

<sup>19</sup> As of the end of 2024, 186 housing units were managed by formally established social rental agencies (SANs), with approximately 250 additional units operated by NGOs following the SAN model in municipalities where local authorities have not yet decided to launch or finance an official SAN initiative.

affordable housing depends on the location and quality of the dwelling, as well as the potential cost-efficiency of undertaking renovations or upgrades. Before moving forward, it would be important for the Polish authorities to assess the role of excess vacancies in limiting the housing supply in high-demand areas (OECD, 2022<sup>[26]</sup>). If relevant, there are different tools that could be considered to activate the vacant stock. As discussed in section 2.3.2 in Chapter 2, there is some OECD experience with imposing taxes on vacant dwellings. Another option is to offer incentives to property owners to lease a long-vacant property (such as financial support to cover renovation/repair costs, and/or a tax exemption on rental income, see Box 3.7 for examples from Greece).

### Box 3.7. Incentives to activate vacant housing in Greece

The Greek government has introduced two measures to activate the vacant private housing stock:

- The "Renovate-Rent" programme provides financial support for the renovation or repair of private houses, with the condition that they are later rented out. Participants receive subsidies covering 60% of renovation costs, up to a maximum of EUR 8 000, for total expenses of up to EUR 13 300.
- Additionally, the government has introduced a three-year income tax exemption on rental income for property owners who, between September 8, 2024, and December 31, 2025, convert a long-vacant property (unoccupied for at least three years) into a long-term rental.

Such schemes can be costly, however, because they rely on heavy monitoring and compliance checks (OECD, 2022<sup>[26]</sup>). Experience from Spain suggests that many municipalities lack the technical capacity to ensure the necessary monitoring and compliance (Rousselon and Vessereau, 2023<sup>[27]</sup>). Such concerns appear relevant in the Polish context. While Polish municipalities have an increasing number of tools to mobilise vacant dwellings, including through setting up municipal companies and/or cooperate with SANs (see previous section), few have the capacity to pursue extensive housing reforms.

Further, mobilising vacant dwellings also often calls for the provision of technical and/or financial support for renovations to improve the quality of the stock, particularly to bring long-vacant dwellings up to standard. While the Polish government provides funding streams to support housing renovations (including through the TERMO and BSK programmes), the scale of funding has so far been insufficient. Additionally, municipalities often lack the technical capacity and human resources to carry out the necessary adaptations. The planned increase in budget allocations for the BSK programme through 2030 presents a valuable opportunity to scale up the renovation of municipal housing stock. Moreover, greater attention could be given to energy renovations in the design of support schemes, with a focus on effectively combining funding streams to achieve greater scale and to reintroduce a more energy-efficient and sustainable housing stock (Box 3.8).

### Box 3.8. Energy poverty and renovations

Around 11% of the Polish population is estimated to experience energy poverty, in that they struggle to afford adequate heating, cooling, or lighting. The challenge is closely related to the poor technical condition of much of the residential building stock (see section 1.1.5 in Chapter 1). Nearly 40% of the residential stock was built before 1970 and lacks adequate insulation and efficient heating systems, generating energy losses and, by extension, higher utility bills. As a result, households experiencing energy poverty spend, on average, 35% of their income on heating and lighting, compared to just 13% among the general population (Sokolowski, 2023<sup>[28]</sup>).



To address this challenge, it will be increasingly important to prioritise energy efficiency improvements in both new housing developments and the renovation of existing buildings. Poland's Long-Term Renovation Strategy (*Długoterminowa strategia renowacji budynków*) highlights the need for an estimated EUR 85 billion in investment by 2030 to thermally refurbish both residential and public buildings. To support these efforts, it will also be important to streamline and better coordinate energy renovation funding streams across the public and private sectors, and to leverage relevant EU financial instruments. In particular, the Social Climate Fund should offer a strategic opportunity to finance structural investments in building renovation, clean heating and cooling, and renewable energy deployment.

### **3.1.3. Recommendations to boost the supply of affordable housing to expand housing solutions for people with limited or no support needs**

In the context of ongoing housing policy reforms, clearly defining priorities for affordable housing in strategic documents could help strengthen efforts to boost the supply. In parallel, better mobilising the existing stock, through social rental intermediation schemes and the activation of vacant dwellings, offers additional means in the short- to medium-term to improve access to housing at affordable rent levels for vulnerable groups.

*Defining strategic policy priorities for affordable and social housing, along with corresponding actions and resources*

The Polish authorities could consider the following policy actions:

- **Capitalise on the renewed policy emphasis on affordable housing** to expand the Medium-Term Development Strategy to 2035 and/or develop other strategic documents to ensure that the affordable housing agenda comprehensively covers the following elements:
  - **Strategies to increase long-term investment in affordable housing, for instance, through:**
    - Exploring the potential to establish a dedicated housing fund (e.g., revolving fund; see examples of different approaches to establishing long-term funding systems for affordable housing in OECD (2023<sup>[29]</sup>));
    - Considering potential reforms to the housing taxation system to transition to a value-based system (see OECD (2025<sup>[30]</sup>) and section 2.3 in Chapter 2).
  - **Complementary policy reforms that would increase the supply of affordable housing, including solutions that are adapted to the needs of vulnerable groups, such as:**
    - Setting targets for affordable housing;
    - Adjusting incentives to increase the supply of municipal housing, including by reviewing the current income criteria and access thresholds;
    - Stimulating the private rental market, including by balancing tenant and landlord rights and responsibilities;
    - Reforming demand-side housing support to better address the needs of vulnerable groups, including reviewing the methodology for setting rent subsidies;
    - Closely monitoring the impact of other housing policy measures – such as subsidised mortgage schemes facilitating home ownership – on the housing market, to build a robust evidence base on policies that are most effective in supporting the affordable housing agenda.

Such efforts would also benefit from enhanced collaboration among the range of actors in the housing ecosystem (including national ministries, public agencies, municipalities, social housing initiatives and

companies (TBS/SIM), housing cooperatives, and other housing developers) to facilitate the provision of a broad range of housing solutions. For instance, the following government institutions could be engaged in the development of the strategy:

- Ministry of Economic Development and Technology
- Ministry of Family, Labour, and Social Policy
- Ministry of Development Funds and Regional Policy
- Ministry of Finance
- BGK
- Chancellery of the Prime Minister

Additionally, other key actors in the housing sector could be consulted, including:

- Regional and local authorities (voivodships, powiats, and gminas)
- SANs
- Social rental housing providers (TBS/SIM)
- Housing cooperatives
- Housing developers
- NGOs

*Mobilising the existing stock for affordable housing, including by scaling up social rental intermediation schemes and exploring the potential to activate vacant buildings*

The Polish authorities could consider the following policy actions:

- **Scale up social rental intermediation schemes**, including by offering financial and technical support to help municipalities develop and maintain social rental agencies and incentivise collaboration with private homeowners and legal entities. This could be accomplished through a dedicated legislative proposal for a programme supporting SANs which may include, among other measures, i) dedicated, long-term funding to facilitate the start-up of SANs; ii) support to establish a Community of Practice that could serve as a platform for peer learning, knowledge exchange, and capacity building for actors engaged in social rental schemes.
- **Consider the introduction of a state-backed rental guarantee system** to support vulnerable tenants in the private rental market and incentivise landlords to lease dwellings to social tenants at affordable rates.
- **Explore the potential to activate, renovate and/or adapt underutilised or vacant buildings**, including low-quality municipal housing, by i) assessing the extent of underutilised and/or vacant buildings, as well as the drivers of high vacancy rates; ii) if relevant, considering the feasibility, costs and benefits of activating vacant buildings, as well as the most effective tools to achieve this, such as an exemption from, or a reduced rate of, rental income tax for a specified period for owners who rent out previously vacant dwellings; iii) providing technical support to municipalities to assist them in applying for and carrying out renovations (see also the discussion on municipalities' technical capacity in section 2.2.4 in Chapter 2).

The following government institutions and other actors could be engaged in the implementation process:

- Ministry of Economic Development and Technology
- Ministry of Family, Labour, and Social Policy
- Ministry of Development Funds and Regional Policy
- Ministry of Finance



- SANs
- Municipal authorities
- Social rental housing providers (TBS/SIM)
- NGOs

### 3.2. Providing tailored housing solutions with integrated social and health services for people with higher support needs

Some individuals with higher support needs would benefit from more intensive, tailored social and health supports, in addition to housing, to enable them to live independently in their communities, outside of an institutional setting. Temporary shelter and accommodation (e.g., reception centres, night shelters, warming houses) are available in some cases, yet more needs to be done to strengthen the provision of tailored, long-term housing solutions with integrated social and health supports. The type of housing and housing-related supports that are required on an individual basis is highly heterogeneous. As a result, a range of long-term housing and housing-related solutions are needed to meet these diverse needs (further detailed in Box 3.9):

- living arrangements with 24-hour care to support people who cannot live independently in their communities (such as social assistance homes (DPS), foster care family homes and training apartments for children and adolescents);
- supported housing and training apartments providing daytime services for small groups of individuals and/or limited care supports, which can serve either as a long-term solution for individuals requiring lifelong assistance or as an intermediate step towards independent living;
- municipal (or social rental) housing that is available to households with low (or moderate) incomes, and adapted to meet any particular physical or care-related needs (see section 3.1.1 above); and/or
- support to access market-rate housing (rental or owner-occupied) that can be coupled with any required health and social supports (see section 3.1.1 above).

#### Box 3.9. Overview of long-term housing solutions and housing-related social services for vulnerable groups in Poland

##### Longer-term housing solutions and housing-related social services<sup>a</sup>

- **Social Assistance Homes (*Domy pomocy społecznej, DPS*):** Homes with 24-hour services to support people who cannot live independently in their communities. There are seven types of Social Assistance Homes that each cater to a specific target group: older people, chronically somatically ill people, chronically mentally ill people, adults with intellectual disabilities, children and adolescents with intellectual disabilities, people with physical disabilities and people addicted to alcohol. Homes are managed by municipalities.
- **Care and educational institution (institutional foster care) (*placówki opiekuńczo-wychowawcze*):** Homes for children who do not have a natural family or a foster family where 24-hour care is provided. Homes are managed by municipalities.
- **Family Care Homes (*rodzinne domy pomocy*):** Homes with 24-hour living services for three to eight people who require support due to age or disability. Homes are managed by municipalities.

- **Supported apartments (*mieszkania wspomagane*):** Housing units with day-time services for people who do not require 24-hour care. Supported housing units provide services to encourage and maintain independent living. Homes are managed by municipalities as well as NGOs.
- **Training apartments (*mieszkania treningowe*):** Housing units with limited services provided for a temporary period of time to teach people to live independently. Homes are managed by municipalities as well as NGOs, with the service commissioned by municipalities.
- **Housing First (*Najpierw mieszkanie*):** Housing units with extensive wrap-around services provided to people experiencing homelessness on a long-term basis. These are largely managed by NGOs, with the service commissioned by municipalities.

#### Management of publicly provided housing-related solutions

- **Social Assistance Centres (*Ośrodki Pomocy Społecznej, OPS*):** Centres that provide most of the social services, including specialised services to vulnerable populations. Social Assistance Centres are primarily responsible for referrals to supported and training housing. These are largely managed by municipalities.
- **Centres for Social Services (*Centra Usług Społecznych, CUS*):** Recently implemented centres that provide and coordinate a broad range of social services for vulnerable and non-vulnerable populations. When implemented, Centres for Social Services are responsible for referrals to supported and training housing. These are largely managed by municipalities. Social Assistance Centres can be transformed into Centres for Social Services.
- **District Family Assistance Centres (*Powiatowe Centra Pomocy Rodzinie, PCPR*):** Centres that primarily provide care and counselling to children and young people, as well as mothers with young children. These are largely managed by municipalities.

Note: (a) The housing solutions described here are not mutually exclusive. For instance, the municipal housing stock is also utilised to provide long-term housing solutions, as in the case of supported and training apartments, and Housing First projects.

b) In Poland's decentralised social policy model, municipalities play a key role in managing support programmes and funding. For example, in the area of disability support, municipal governments administer several PFRON programmes, including: (i) support for persons with disabilities, (ii) the operation of occupational therapy workshops, and (iii) programmes overseen by the PFRON Supervisory Board, such as the Programme for Levelling Regional Disparities and the "Active Local Government" Programme.

### 3.2.1. Integrating housing and social services to meet the needs of vulnerable groups

One major challenge to providing integrated housing and social services is that housing and social services are treated as distinct policy areas in Poland, both in terms of how the policy areas are governed, as well as how they are funded, making it harder to implement integrated solutions.

#### *Policy co-ordination for housing and social services at central level*

Coordination across ministries and government agencies on the provision of housing and social support for vulnerable groups remains limited. The competencies of the Ministry of Economic Development and Technology, which are concentrated on the development of housing infrastructure, generally do not cover social service provision; conversely, the Ministry of Family, Labour and Social Policy, which oversees the provision of social services and supported and training housing, lack competencies relating more broadly to the provision of affordable housing. While both Ministries have an important role in developing housing solutions for individuals who require both housing and integrated social services, there is little coordination between them. Additionally, the Ministry of Development Funds and Regional Development plays a key role in the management of EU funding, which is an important funding source for affordable and supported

housing schemes. Reducing the fragmentation between housing and social services would be beneficial both to help individuals access the integrated support they need, while also enabling service providers to meet housing and social needs in a more efficient, co-ordinated way.

OECD experience suggests that an inter-ministerial body with a dedicated staff, budget, and operational mandate can help to improve governance on multidisciplinary issues, including housing for vulnerable groups, preventing silos, and ensuring coordination across subject areas. Poland could draw on France's Inter-ministerial Delegation for Access to Housing (*Délégation Interministérielle à l'Hébergement et l'Accès au Logement*, DIHAL) as a successful example (Box 3.10). As a step in this direction – albeit for a more narrow target population – in July 2024, the Polish Commissioner for Human Rights renewed his official request for the Prime Minister to appoint a plenipotentiary or a team for combatting homelessness at the government level to co-ordinate actions across ministries (Public Information Bulletin of the Commissioner for Human Rights, 2024<sup>[31]</sup>).

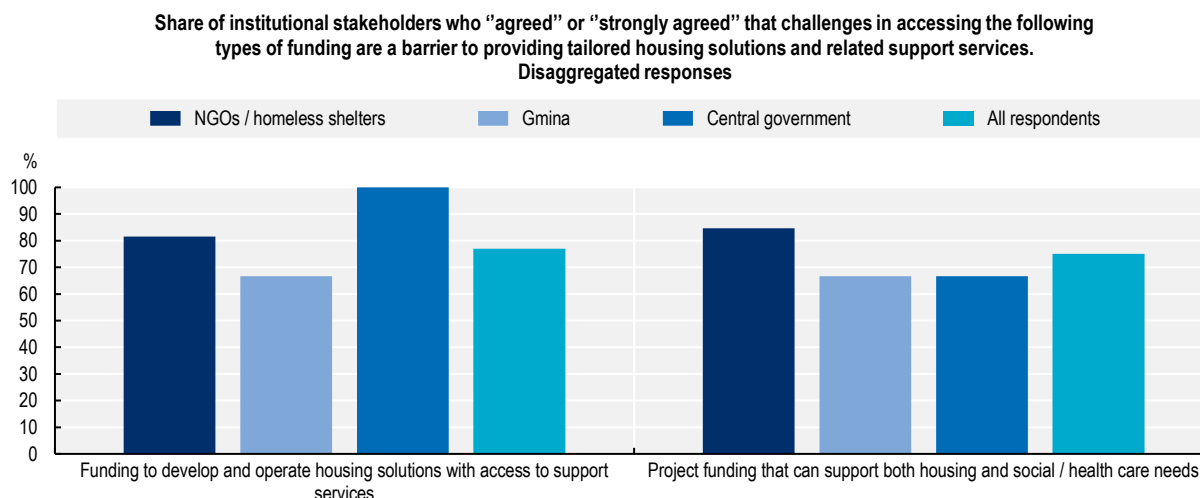
### Box 3.10. France's Inter-ministerial Delegation for Access to Housing (DIHAL)

At the national level, the Inter-ministerial Delegation for Access to Housing (*Délégation Interministérielle à l'Hébergement et l'Accès au Logement* – DIHAL), created in 2010, leads national policies relating to housing and support services for vulnerable groups, including people experiencing homelessness, and allocates funding to regional services. The DIHAL is administratively linked to the Prime Minister's office and collaborates closely with the Ministry responsible for housing, including weekly meetings between the DIHAL and the Ministry. It works across departments to facilitate co-operation on homelessness and housing precarity. The delegation is made up of civil servants from diverse backgrounds, including, among other things, housing experts, social policy experts, and health experts. While the DIHAL follows the strategic priorities of the government, it is responsible for drafting national strategies related to homelessness, which notably includes the two Housing First plans (*Logement d'abord*). The overall budget of DIHAL is around EUR 3 billion per year, which includes funding for the shelter stock, support to social services, and Housing First solutions.

### *National and EU funds for integrated housing and social supports*

Access to long-term funding is perceived as another major barrier to the provision of integrated housing and social services for people who need more intensive services. Currently, there is no legislative framework to ensure the long-term financial feasibility of various housing solutions with tailored support needs, while also allowing the necessary flexibility to adapt these solutions to specific contextual requirements. Rather, existing funding streams are largely programme-based and fragmented, making it difficult to co-ordinate the housing and social support components. As a result, housing providers lack resources and incentives to develop integrated solutions and facilitate deinstitutionalisation at scale. Indeed, in the OECD Stakeholder Survey, over 75% of respondents agreed or strongly agreed that a lack of funding to develop and operate housing solutions with access to support services and/or that can support both housing and social/health care needs was an important challenge to providing tailored housing solutions and related support services (Figure 3.2).

**Figure 3.2. Accessing funding is perceived as the biggest barrier to providing tailored housing solutions and related support services for vulnerable groups**



Note: 1) Participants responded to the prompts using a Likert scale: *Strongly agree, Agree, Neither agree nor disagree, Disagree or Strongly Disagree*. 2) Participants were responding to the following prompts: “Challenges to access long-term funding solutions to develop and operate integrated housing solutions with access to health and social services” (100 responses), “Difficulties to assemble adequate project funding that can support both housing and social/health care needs” (98 responses).

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Poland.

For example, while the “For Life” programme provides up to 80% co-financing for the entire project costs of supported housing (including the reconstruction, renovation or purchase of equipment), the funding is relatively small (PLN 13 million, or EUR 3 million). Other housing programmes, such as the much larger BSK (*Program Budownictwa Społecznego Komunalnego*) and SBC (*Program Społecznej Budowy Czynszowej*) programmes (over PLN 5 billion, or EUR 1.2 billion), which aim to increase the stock of municipal and social rental housing, do not cover social service needs. While the BSK programme provides funding for the construction of supported and training apartments – also accessible to *powiats*, NGOs, and social enterprises – it does not cover operating costs, which has contributed to the limited uptake of the available funds. Combining funding for housing programmes with social services, such as the personal assistant of a person with a disability programme (*Asystent osobisty osoby z niepełnosprawnością*), is difficult, as funding schedules, programme requirements and application processes vary.

Further, municipal authorities and NGOs face difficulties in leveraging different sources of EU funds – namely through the European Regional Development Fund (ERDF) and the European Social Fund Plus (ESF+) funding schemes – to finance the development of housing and social services. ERDF funds generally aim to correct imbalances between regions, including through the construction or improvement of infrastructure (European Commission, 2023<sup>[32]</sup>), whereas ESF+ funds focus on responding to social challenges, including through strengthening social protection and promoting employment (European Commission, 2023<sup>[33]</sup>). Although each fund has been used to improve housing solutions or the provision of social services, different programme criteria, funding timelines and strict limitation thresholds for cross-financing make it hard for municipalities and NGOs to leverage these funding streams for integrated projects. Moreover, the design of funding applications and programme requirements do not always align with the needs of regional and local actors. Many smaller NGOs and local authorities lack the resources to apply for and manage funding, and there is frequently inadequate preparation, promotion, and dissemination of information regarding planned and ongoing competitions. Finally, according to analysis conducted by the Polish Federation for Combating Homelessness, rules imposing funding limits per

beneficiary and service location impede the service providers' ability to deliver tailored support and can in turn reduce the quality of life for residents.

More can be done to enhance cross-government coordination across national, regional and local authorities and actors to ensure that funding schedules for EU funding sources are aligned at the regional and local level. This would enable managing authorities to develop funding applications that are tailored to local needs and can help to ensure the delivery of integrated housing solutions. Additionally, improved information on available funding and application schedules, and more comprehensive guidance could benefit a wide range of regional and local actors.

Thus far, the potential for partnerships with international financial institutions in Europe for developing social and integrated housing solutions has largely remained untapped in Poland. However, such partnerships and collaborative projects with international financial institutions in Europe could help to ease access to funding for municipalities and local actors struggling to secure external financing, while also helping to deliver solutions at scale. Some countries have introduced approaches that leverage external sources of funding while aiming to simplify the application process for municipalities.

Notably, in France, the *Banque des Territoires* and the *Union Sociale pour l'Habitat* partnered with the European Investment Bank and the Council of Europe Development Bank to form the European Alliance for Social Housing (Box 3.11). Poland could draw on the French example of the European Alliance for Social Housing to facilitate access to EU funds.

### Box 3.11. European Alliance for Social Housing in France

The European Alliance for Social Housing in France facilitates access to European funding by acting as an intermediary between European funders and French social housing organisations. Established in 2020, it was formed through a partnership between the *Banque des Territoires*, the *Union Sociale pour l'Habitat*, the European Investment Bank, and the Council of Europe Development Bank.

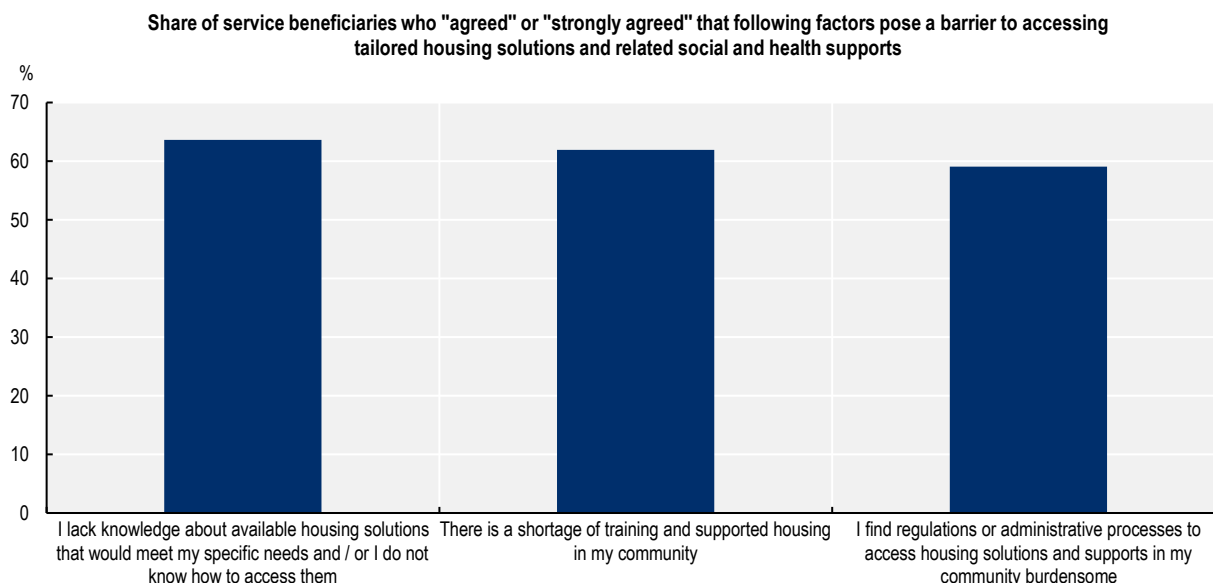
In 2021, the alliance secured a loan of EUR 650 million in European funding to support social housing in France. A total of EUR 500 million was earmarked to accelerate social housing construction, while EUR 150 million was allocated to adapted housing – particularly for vulnerable groups – supported housing, and health and social care facilities.

Source: Banque des territoires (2021<sup>[34]</sup>).

### *Housing and social service delivery at the municipal level*

Many individuals report a shortage of community-based support services for housing and social supports that meet their needs. Over 60% of service beneficiaries responding to the OECD Stakeholder Survey agreed or strongly agreed that they lacked knowledge about available housing solutions that would meet their specific needs (Figure 3.3).

**Figure 3.3. Service beneficiaries lack knowledge about housing options and report a shortage of community-based support services that meet their needs**



Note: Participants responded to the prompts using a Likert scale: *Strongly agree*, *Agree*, *Neither agree nor disagree*, *Disagree* or *Strongly Disagree*. The number of respondents varied from 21 to 22 for each item.

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Poland.

While the responsibility for the provision of housing and social supports for vulnerable groups primarily rests with municipal governments, there is scope to enhance coordination at the local level among actors providing social services. The Centres for Social Services, while still not uniformly developed across Poland, have been created with the objective of improving coordination between a broad range of social actors. This role could be expanded to provide comprehensive information on housing solutions and corresponding services tailored to individuals' needs, drawing on the Coordinated Access model in Canada (Box 3.12). In this way, Centres for Social Services in Poland could function as a "one-stop-shop", where individuals could access information about available housing solutions and services and receive referrals to service providers as well as assistance with the application process. Social Assistance Centres could assume the aforementioned role in municipalities where Centres for Social Services have not yet been implemented.

### Box 3.12. Coordinated Access in Canada

Coordinated Access is an integrated approach adopted by Canada's Reaching Home Strategy in 2019, through which people experiencing or at risk of homelessness are directed to community-level access points where trained workers use common assessment tools to evaluate their needs and refer them to relevant support services. The approach utilises centralised information management systems (shared databases on people experiencing homelessness and housing inventories) to ensure information is shared between all relevant actors providing housing and social service support. This helps people experiencing or at risk of homelessness receive access to timely and appropriate support based on their specific needs. Coordinated Access typically includes:

- Access to a first point of contact;



- Triage to determine whether an individual requires eviction prevention or shelter diversion;
- Assessment of strengths, vulnerabilities, and barriers to access support;
- Prioritisation into centrally managed housing resources based on an assessment tool;
- Referral to relevant housing and support services, based on vacancy and priority.

The Coordinated Access approach ensures people experiencing or at risk of homelessness are treated consistently across Canada and helps avoid duplication of efforts from service providers. Moreover, communities can utilise central databases to determine the number of people experiencing homelessness and to monitor their system performance and correct course in real time, if needed.

The Coordinated Access approach became a mandatory requirement in 2019 for communities receiving funding through Canada's Reaching Home programme, with a 3-year window for implementation.

### *Dedicated housing and related support for migrants*

Migrants tend to face additional difficulties accessing long-term housing and social support; they may lack information, language requirements, or in some cases the necessary education and training to participate in the labour market, and thus struggle to access housing and integrate into society. In October 2024, Poland adopted the *Comprehensive and Responsible Migration Strategy for 2025-2030*, which includes the establishment of 49 Centres for Integration of Foreigners (CICs) to support refugees, particularly from Ukraine and Belarus. Designed as “one-stop-shop” facilities, CICs aim to streamline access to integration services. CICs are intended to serve as the first point of contact for migrants, providing information on residence, employment, healthcare, housing, and other key areas. They also offer vocational guidance, from basic labour market insights to tailored support, including training referrals and employer connections. Pilot initiatives in the Opolskie and Wielkopolskie regions highlight their potential to improve service delivery.

Despite these positive advancements, housing support – an essential component of successful integration – remains underdeveloped within the current CIC model. Moreover, recent evaluation findings indicate that none of the existing CICs fully function as integrated one-stop-shops. A key constraint is the absence of a dedicated legal and institutional framework governing CICs, which limits their formal role in the broader integration system and undermines the continuity of funding and cooperation with other service providers.

Poland could draw lessons from international practice, including the AGIR programme in France, which successfully incorporated housing into a similar integrated service delivery model for refugees (Box 3.13). For a more detailed discussion on integration policies for migrants and refugees, see OECD (2018<sup>[35]</sup>; 2019<sup>[36]</sup>).

#### **Box 3.13. An integrated approach to providing housing and social services to refugees: The AGIR programme in France**

The *Accompagnement global et individualisé des réfugiés* (AGIR) programme, launched in 2022, provides extensive social, employment and housing support to refugees with legal status in France. Refugees are paired with a social workers, which they meet at least once every six weeks, to assist them with integrating into French society. Social workers can support refugees with, *inter alia*, registering for social security opening a bank account, learning French, finding employment, and finding adequate housing.

There are currently 26 000 refugees in the programme. In 2022, the programme started in six departments but it is now available in all of metropolitan France. The AGIR programme is nevertheless



managed at the department level, leading to challenges to access housing and/or employment opportunities in certain areas. In rural areas, affordable housing is often abundant, but job opportunities are scarce. The opposite is generally true in large cities.

To monitor the success of the AGIR programme, extensive data are collected on the outcomes of participating refugees. Service providers enter data into an information management system, managed by the Ministry of Interior to monitor programme outcomes. The information collected through the programme complements the wider evaluation system in France, which monitors the number of refugees and the number of available housing units for refugees.

### **3.2.2. Expanding the supply of supported and training housing, including Housing First solutions**

Supported and training housing that couple housing with extensive social services (see Box 3.3) are an essential component of the deinstitutionalisation process in Poland, enabling vulnerable groups to live comfortably and independently within their communities. In particular, Housing First, which is a specific form of supported and training housing for people experiencing homelessness, remains at the grassroots level in Poland, currently available in a limited number of communities.

#### *Progress to expand supported and training housing units*

Supported housing allows people with diverse support needs to live independently while receiving appropriate care; training housing provides individuals with individual dwellings with limited services to support their transition to living independently. However, demand for supported and training housing continues to outpace supply. At the end of 2024, there were 1 927 housing units and 5 300 places in supported and training housing in Poland. The Strategy for the Development of Social Services set the goal of building 7 000 new supported and training housing units by 2030 and 12 000 units by 2035. As part of this goal, the national government has enacted legal requirements for local governments to provide supported and training apartments (Act on Social Services, 2023<sup>[37]</sup>). However, few local governments respect the requirements. This is likely caused, at least in part, by a lack of funding opportunities and enforcement mechanisms.

Moreover, a recent audit by the Ministry of Family, Labour and Social Policy found that approximately 40% of the supported and training housing stock remains underutilised. This suggests that the challenge extends beyond the availability of housing units and points to more systemic issues. A lack of stable funding streams for municipalities and NGOs to develop and sustain such services represents an additional barrier. In addition, allocations to supported and training apartments are generally temporary and are not recognised as long-term housing solutions with integrated support services. This limits their flexibility and responsiveness to a range of needs, including Housing First approaches. These challenges highlight the need to review the current supported and training housing system to support its key role to facilitate the deinstitutionalisation process in Poland.

There is also scope to engage a broader range of actors in the development of training and supported housing units. As the majority of units are currently managed by local governments, further coordination with other housing actors, such as TBS/SIM, cooperatives, NGOs and social rental agencies (see section 3.2 above), could accelerate the development of new supported housing. For instance, municipal governments could pursue partnerships with such actors (in addition to other municipalities) to contribute to the development of supported housing, and/or to designate a share of their available housing units to be used for supported housing. Poland could draw on the role of “housing sensors” in Wallonia (Belgium), which collaborate with agencies to procure dwellings to be used as supported housing units (Box 3.14)

### Box 3.14. Housing sensors in Wallonia, Belgium

In Wallonia, Belgium, the Walloon Observatory on Homelessness created the housing sensor in 2013 to act as an intermediary between vulnerable groups, owners and social workers to provide supported housing. Housing sensors identify and mobilise private housing units for vulnerable groups, including people experiencing homelessness and people with mental health disorders. Operating in most major cities in the Walloon Region (e.g., Liège, Charleroi, Namur, Mons, La Louvière, Tournai), the housing sensor, which is a regional government agency made up of housing and homelessness experts, regularly scans the private housing stock to identify suitable housing units and negotiates directly with owners. The housing sensors were created as part of a broader strategy to promote Housing First in Wallonia, and they regularly partner with a broad array of social organisations, including social assistance centres, health institutions and non-profit organisations, to provide social support services to tenants.

Although property owners typically receive lower rent in Housing First or housing-led programmes compared to the private market, the housing sensor makes participation more attractive by minimising risk. The housing sensor assumes the risk of tenants not paying rent or causing damages and can also act as mediators if conflict arises between property owners and tenants. Tenants also receive support with administrative processes (i.e. signing the lease and performing inventories), moving in and applying for rent or social subsidies, further minimising the risk of non-payment or conflict between the tenant and the owner.

Co-living housing solutions provide another opportunity to increase the supply of supported housing and accelerate the deinstitutionalisation process. Such settings can also enable people with high support needs to share access to relevant services. A scoping review from Ireland on people with intellectual disabilities has found that several quality-of-life outcomes increase significantly when moving from institutionalised settings to community-based solutions, including satisfaction with life, contact with family and friendships, and social networks (Tatlow-Golden et al., 2014<sup>[38]</sup>). Central to the development of community housing solutions is the emphasis that individuals live in a place of their choosing – whether alone or with others – which represents a distinction from traditional institutional settings. Such housing solutions have been explored for individuals with different needs, including people with autism spectrum disorder in France (Box 3.15).

There are further opportunities to scale up co-living housing in Poland. In 2024, PFRON began developing assisted living communities (*Wspomagane Społeczności Mieszkaniowe, WSM*), which are homes with individual housing units for 2 to 12 people with disabilities who require a high level of support.<sup>20</sup> The first houses are expected to be built by 2025 (23 WSM are currently under construction), with the majority of financing from the resources of PFRON. Residents will cover the costs of maintaining housing units, up to 50% of their income. However, assisted living communities are still a new development, and remain limited in scale.

<sup>20</sup> A residential complex within the WSM consists of 2 to 6 apartments, with a maximum of 12 units per WSM. Each resident has a private apartment with a bathroom and kitchenette. The complex also includes shared spaces, such as a living room and, where possible, additional common areas, such as a dining or exercise room.

### Box 3.15. DAALIA: Housing for people with Autism Spectrum Disorder in France

Common housing for people living with autism spectrum disorder, including seven individual housing units and shared living quarters. Medical-social services (SAMSAH) are also available onsite. Current occupants include students, salaried and temporary workers, and people searching for employment between the age of 20 and 38 years. The DAALIA helps to reduce costs, as one or two caregivers can support seven to eight people in the same place of residence. The DAALIA is funded by several sources, including financing from the *Caisse des Dépôts et Consignations* (CDC).

Source: SOLIHA, [Dispositif d'Accompagnement au Logement Inclusif pour Adultes](#).

### *Housing First and housing-led solutions for people experiencing homelessness*

Housing First models provide tailored, intensive support for people experiencing homelessness with high and/or complex service needs by providing them with immediate, long-term housing and enabling them to exercise control over their support services (OECD, 2024<sup>[17]</sup>). A series of randomised controlled trials have shown that Housing First can produce greater housing retention among the chronically homeless compared to treatment-as-usual groups (Pleace, Baptista and Knutagård, 2019<sup>[39]</sup>). Housing First does not mean housing *only*: the provision of tailored, targeted wraparound services is an essential part of the Housing First model. Housing First can be complemented by broader housing-led approaches that prioritise the immediate provision of long-term housing but are typically targeted at individuals with limited or no support needs (OECD, 2024<sup>[1]</sup>). Housing First is an effective and resource-efficient intervention over the medium- to long-term, even if there are short-term costs to expanding the supply of affordable housing. Such models can over time generate large cost savings in a range of policy areas (e.g., reducing the use of emergency services, hospitalisations, and interactions with the criminal justice system) (OECD, 2024<sup>[17]</sup>).

The “National Programme for Combating Poverty and Social Exclusion” (update 2021-2027, with a perspective to 2030) identifies the Housing First model as a key pillar in the fight against homelessness, emphasising the need to promote the approach and to develop and advocate for Housing First programmes. While the Strategy for the Development of Social Services calls for facilities for people experiencing homelessness to be transformed into integrated supportive housing units or intervention-oriented facilities, with targets of 25% by 2030 and 60% by 2035, few resources are provided to achieve this objective.

Nevertheless, the Housing First model is not widely implemented throughout Poland. Some NGOs partnering with municipalities – such as those in Warsaw, Gdańsk, and Wrocław – are delivering Housing First services. Gdynia has developed an innovative approach that could serve as a model for other Polish municipalities (Box 3.16). However, the absence of a national framework and supporting legal instruments currently limits the consistent implementation and scaling-up of Housing First initiatives across the country. Moreover, while the Programme to Overcome Homelessness (*Pokonać bezdomność*) includes funding to support organisations providing Housing First services, this has represented only a share of the programme’s relatively small budget (PLN 24 500 000 [EUR 6 million] between 2021 and 2023) and thus remains insufficient to scale up Housing First at the national level.

### Box 3.16. Plan Utrecht: A Housing First model in Gdynia

Since 2015, the city of Gdynia has funded and implemented a social programme to support people experiencing homelessness through a comprehensive, person-centred approach. Inspired by a Dutch initiative in Utrecht, the project applies key principles of the Housing First model: securing stable housing as a foundation for further social and professional reintegration.

With an annual budget of around EUR 95 000, the programme provides housing benefits to help beneficiaries access rental accommodation on the open market. Around 50 new participants join each year – equivalent to 10-15% of Gdynia's population experiencing homelessness. The programme is open to individuals in various living situations (e.g., living in shelters, informal dwellings, or on the street) and requires active participation and cooperation with social workers. Each participant co-develops a personalised support plan to achieve long-term independence, which may include vocational activation and/or access to community-based services. Local NGOs contribute through complementary activities, such as life skills training and social inclusion opportunities.

The programme supports the deinstitutionalisation of homelessness services by reducing reliance on shelter-based solutions. Evidence suggests its cost-effectiveness: the monthly support costs of the programme are over five times lower than average shelter costs, while enabling sustainable housing outcomes and enhanced social integration.

The existing strategies could serve as an important foundation for a Housing First framework, which could be operationalised through the development of regional targets and financial and legal instruments. The experience of other OECD countries, such as Finland, can be a useful model of a dedicated strategy to expand the Housing First approach at the national level (Box 3.17).

### Box 3.17. Finland's consistent national approach to Housing First

In Finland, the government introduced its Housing First approach in 2007, as part of its first national homelessness strategy, Paavo I (2008-2011) (Juhila, Raitakari and Ranta, 2022<sup>[40]</sup>). Housing First has consistently been at the core of subsequent national strategies, including Paavo II (2012-2015) and the current Action Plan for Preventing Homelessness. Finland is one of the few OECD countries to have recorded a consistent and significant decline in homelessness over recent decades. The total population of individuals experiencing homelessness has dropped by 80%, from over 18 000 in 1987 to less than 3 500 in 2023. Meanwhile, long-term homelessness declined by over 70% between 2008 and 2023, to around 1 000 individuals (The Housing Finance and Development Centre of Finland (ARA), 2024<sup>[41]</sup>).

Finland's consistent strategy engaged co-ordinated efforts from the central government, local authorities and NGOs to commit budgeted resources and set achievable targets for housing development and acquisition (Pleace et al., 2015<sup>[42]</sup>). For instance, the national strategies have emphasised the key role of NGOs in developing and acquiring housing in the private sector and providing tenant support, as well as ensuring the availability of services to vulnerable youth and adults and facilitating the transitions for individuals leaving institutions, such as prisons or health centres (Pleace et al., 2015<sup>[42]</sup>).

### 3.2.3. Introducing targeted support measures to prevent homelessness and housing instability among vulnerable households

Vulnerable groups can be especially at risk of housing instability and homelessness. Measures to support households who face economic challenges and risk losing their dwelling can help prevent housing instability and homelessness. Rent arrears are not uncommon in Poland – over 25% of all households housing were indebted in 2018 (Statistics Poland, 2018<sup>[43]</sup>). However, services to manage debt and prevent evictions are not available in most municipalities. Further, people living the care system, notably youth leaving the foster care system, face challenges in securing suitable housing.

#### *Services to manage debt and prevent evictions*

Eviction prevention measures are usually provided by municipalities, and may include debt counselling, one-time financial support, landlord-tenant mediation, and other services. The Strategy for the Development of Social Services aims to increase the percentage of municipalities providing such services to 15% by 2030 and 30% by 2035. However, as it stands, few municipalities provide services to manage debt and prevent evictions in Poland, despite being legally obligated to provide municipal housing to those being evicted. Further, there are few programmes to facilitate landlord-tenant mediation, which can help address disputes without calling upon the court system. More broadly, a key challenge lies in the lack of coordination between various municipal agencies, which hinders the implementation of effective early-warning systems and other preventive approaches.

The Polish authorities could draw inspiration from housing advisors, debt counsellors and landlord-tenant mediation programmes in Austria, Estonia, Finland, and the United States (Box 3.18), and rent banks in Canada (Box 3.19). (See also Box 3.17 for a discussion of how a Housing First approach has proven effective to support people experiencing homelessness transition to long-term housing.)

#### **Box 3.18. Support to households at risk of eviction: Examples from Austria, Estonia, Finland and the United States**

In **Austria**, counselling centres provide counselling and support with the application process for *Wohnschirm*, a federal programme providing financial support to prevent evictions. If granted, two types of financial support exist: one assumes rent arrears, and another provides lump-sum support payments to enable beneficiaries to move into an affordable dwelling. Since the start of the programme, over 11 700 households have received financial support; from these, 10 500 apartments have covered rent arrears, and 1 200 have received support to change their residence. The law is currently in force through the end of 2026.

In **Estonia**, the Estonian Debt Counsellors Association offers targeted support to households facing debt through debt advisors. Debt advisors offer comprehensive support to beneficiaries, including legal and financial counselling, as well as psychosocial support for life crises such as unemployment or illness. Additionally, they can assist households in negotiations with creditors. Debt advisors provide holistic support for beneficiaries, covering legal and financial counselling, but also psychosocial support, including life crises. Moreover, debt advisors support households by mediating and negotiation with creditors.

In **Finland**, the Housing Finance and Development Centre of Finland (ARA) provides grants to municipalities to hire and fund housing advisors. Housing advisors design action plans to help clients address a variety of challenges, including eviction threats and rental arrears. Housing advisors conduct screening processes and work together with housing providers, NGOs, and social workers, which allows service referrals for clients.

In the **United States**, the Massachusetts Housing Mediation Program (HMP) is a free state-wide programme, offering mediation services to improve housing stability with the aim of preventing homelessness arising from landlord-tenant conflict. Initially implemented amidst COVID-19 demand-side measures, the program has continued to receive funding through the state's Executive Office of Housing and Livable Communities (EOHLC) and is delivered on a county-level to 11 Community Mediation Centers. While HMP began as an eviction prevention measure, it has updated its focus in 2023 towards early intervention, to include any situation which may jeopardize overall housing stability. Meeting either in-person or remotely, a mediator meets with tenants and landlords to provide conflict coaching, restorative circles, and community building workshops, as well as referrals to other relevant community resources.

Several evaluation studies have been conducted by the University of Massachusetts Boston and have found that the programme has produced significant cost-savings for state government and considerably improved housing stability for participants. In the fiscal year of 2023, by diverting individuals from the shelter system, the programme produced savings of USD 6 425 000, and USD 1 734 255 in legal savings and recovered rents for landlords. Most programme participants (69%) used HMP due to rental arrears, with 86% facing evictions. In interviews with participants, evaluators found that the programme had a positive effect on housing stability, and case management data found that mediation resulted in 65.2% of tenants maintaining their housing tenure.

Source: OECD (2024<sup>[17]</sup>), OECD Toolkit to Combat Homelessness, <https://doi.org/10.1787/0fec780e-en>; Palihapitiya and Zeferino (2025<sup>[44]</sup>).

### Box 3.19. The British Columbia Rent Bank (Canada)

The British Colombia (BC) Rent Bank is a Canadian rent bank operating at the provincial level, which supports local rent banks in providing interest free loans to households facing eviction due to rental arrears. The BC Rent Bank operates under a hub and spoke model in which the provincial rent bank provides public funding and capacity building to non-profit local rent banks, which provide financial assistance directly to renters. Local rent banks aim to stabilise housing through short term funding for rental arrears or security deposits and deliver some degree of service integration—dependent on region—such as utility programs, food/clothing/furniture supports, debt consolidation, and financial counselling. Applicants are subject to the following eligibility requirements:

- Owe a maximum of two months' worth of rental payments or CAD 3 500 (whichever is lower).
- Be a low to moderate income household, as determined by household size and the minimum income required to afford appropriate accommodation in a particular municipality/region.

Applicants may contact a local rent bank through an online application, in-person meeting, or phone call. After applying through a case manager, the local rent bank informs candidates of their approval within 24 hours of application submission. Currently, local rent banks receiving support from the BC Rent Bank provide a maximum payment of CAD 3 500 to approved applicants, who can repay the loan over a maximum period of 36 months. The BC Rent Bank distributed over CAD 2.35 million in arrear funding to local rent banks, helping to support over 1 500 households in the 2023-24 fiscal year (BC Rent Bank, 2024<sup>[45]</sup>).

Source: BC Rent Bank (2024<sup>[45]</sup>).



### *Young people leaving the care system*

Vulnerable youth and individuals leaving institutional settings (such as hospitals, youth care systems or facilities, centres for asylum seekers) are often at a higher risk of experiencing homelessness when transitioning out of care settings toward independent living (OECD, 2024<sup>[17]</sup>). This issue poses a challenge in Poland as in many OECD and EU countries.

At central level, different ministries are responsible for the range of institutional settings for youth, and there are no common operational guidelines for facilitating transitions to independent adulthood. Moreover, distinct implementation challenges persist. There have been ongoing efforts to enhance foster care system responsiveness since the 2012 *Act on Supporting Families and the Foster Care System*, and in the broader context of deinstitutionalisation. However, shortages of housing and transition mentors, inadequate local support networks, and fragmented institutional cooperation persist. Many agencies lack professionals in psychology and pedagogy, limiting support for care leavers (Korczak University, 2023<sup>[46]</sup>; Foundation for Good Initiatives, 2023<sup>[47]</sup>).

Further, experts have proposed that the preparation to transition to independence, currently set at ages 17-18 in Poland, should begin much earlier, with a stronger focus on practical skills. At present, care leavers often receive insufficient support during this critical stage (Foundation for Good Initiatives, 2023<sup>[47]</sup>). Additionally, the number of children with special needs in care facilities has risen in recent years, including those with disabilities, young mothers and refugee children. Existing support remains inadequate and fails to address their specific needs effectively (Foundation for Good Initiatives, 2023<sup>[47]</sup>).

Strengthening transition support, including through expanded housing assistance and enhanced social services provision, can play a pivotal role in preventing homelessness and fostering long-term stability for care leavers. Poland could draw on the *foyer* model to support foster children leaving institutional care (Box 3.20). For further discussion and policy recommendations on facilitating transitions from care settings, see (OECD, 2022<sup>[10]</sup>).

#### **Box 3.20. The Foyer Model to address youth homelessness and unemployment**

The Foyer model is a transitional housing model that is characterised by a focus on education, training and employment support for disadvantaged, youth experiencing homelessness in their transition to adulthood. It has been particularly used as a model to facilitate the transition between foster care and adulthood, as youth leaving care are particularly vulnerable to housing insecurity due to the lack of stable natural supports. Participants, commonly those between the ages of 16 to 24, are permitted to stay at a Foyer with the condition of setting goals with a case manager and following a plan to achieve said goals. There is an emphasis on individualised supports and integrated services, such as employment coaching, training and mentoring, mental health/addictions support, and arts-based or social programming. Accommodation can vary according to the programme, with some operating under a scattered site model (dispersion of private dwellings with portable, wraparound supports), whereas others might be under a single site in a more institutionalised setting. Unlike transitional housing for adults, a typical length of stay in a Foyer can be up to two years or more in order to build up the skills to facilitate a successful transition between adolescence and adulthood. Paying monthly programme fees is additional characteristic of the programme, which encourages participants to develop the habit of paying rent and cultivate individual responsibility.

Originally conceived in the postwar period by France as a housing model for young workers (*Foyers pour les jeunes travailleurs*), the United Kingdom adapted the model in the early 1990s through the Foyer Foundation to address high youth unemployment. The model has since been replicated in Europe, Australia and the United States as a response to youth homelessness and youth who had been in care. In Australia, the Youth Hub programme was found to have facilitated 82% of residents move



into long accommodation and responded well to the employment and educational barriers that youth faced. However, there is limited evidence to suggest positive effects for youth with extensive social service needs.

Source: Norwegian Institute of Public Health (2018<sup>[48]</sup>).

### **3.2.4. Recommendations to provide tailored housing solutions with integrated social and health services for people with higher support needs**

Improving the provision of tailored housing solutions with integrated social and health services requires coordination among a large body of actors, as well as sustainable, long-term funding. Such efforts could help integrate decision making, funding, and service provision across the three policy areas, including to expand the availability of supported and training housing, as well as support measures to prevent housing instability and homelessness.

*Improving coordination between housing and social services, including by creating an inter-ministerial body to oversee and operationalise housing and support services*

The Polish authorities could consider the following policy actions:

- **Introduce a dedicated inter-ministerial body (*organ międzyresortowy*) to facilitate and oversee the provision of integrated housing and social services for vulnerable groups.** This operational body could include a dedicated budget, and full-time employees recruited from different ministries. Given the existing legal framework and established practice in public administration in Poland, the body could be created under the Council of Ministers. During the process, it would be important to consider i) the body's core mission, objectives, functions and governance vis a vis relevant ministry; ii) the body's composition (staffing); and iii) its financial resources. The body could be tasked with formulating a comprehensive strategy to develop and implement housing solutions for vulnerable groups, helping to inform Poland's housing policy agenda.
- **Ensure the availability of sustainable, long-term, and flexible funding to deliver integrated housing solutions at scale.** In the initial phase, this could involve, where relevant, identifying opportunities to improve coordination in funding schedules and application processes for integrated programmes. This could include close collaboration with BGK to review existing funding mechanisms for social and affordable housing. In the subsequent phase, it may involve exploring the expansion of current funding sources to ensure that financing solutions are accessible to a broad range of stakeholders, supporting the development of diverse housing solutions with tailored support.
- **Leverage European funding and facilitate access for local actors to such funding to support the development of integrated housing solutions.** This could involve:
  - **Further co-ordinating eligibility requirements and funding schedules for EU funds and providing guidance to local actors.** There is scope to strengthen coordination between national and regional authorities and local actors to better guide managing authorities in aligning funding application requirements (particularly for ESF+ and ERDF) and to facilitate the combination of funding streams for projects that integrate housing and support services. Further, municipalities and NGOs could benefit from clearer guidance on available funding opportunities and application timelines.
  - **Collaborating with international financial institutions in Europe** (e.g., European Investment Bank, the Council of Europe Development Bank) to explore partnerships that could enhance funding opportunities for local projects and strengthen the overall governance of financing for integrated housing solutions.

- **Enhance housing support for migrants by building on the one-stop-shop model of the recently established Centres for Migrant Integration (CICs).** To maximise the impact of CICs, future policy efforts could focus on embedding these centres within the institutional framework, supported by regulatory provisions and stable financing. Expanding their mandate to include more comprehensive housing assistance would represent another important step forward.
- **Improve individuals' access to information with respect to integrated housing solutions and social services.** The relevant government institutions could consider different ways to develop technical and operational guidance for municipalities to support the introduction and subsequent expansion of housing advisory services, for instance by introducing housing advisors in Centres for Social Services and/or Social Assistance Centres. Additional measures to improve access to information could include the creation of a housing support gateway on the centres' websites.

The following government institutions and other actors could be engaged in the implementation process:

- Chancellery of the Prime Minister
- Ministry of Economic Development and Technology
- Ministry of Family, Labour and Social Policy
- Ministry of Development Funds and Regional Policy
- Ministry of Infrastructure
- Ministry of the Interior and Administration
- BGK
- Municipal authorities
- Municipal social policy actors (Centres for Social Services, Social Assistance Centres)

#### *Increasing the supply of supported and training housing, including Housing First solutions*

The Polish authorities could consider the following policy actions:

- **Address legal, financial, and operational bottlenecks to bolster the existing system of supported and training housing,** including by:
  - Reviewing existing legislation on supported and training housing to ensure greater adaptability to individual needs, and improving the access of municipalities and NGOs to long-term funding to strengthen their incentives to provide and maintain such housing solutions;
  - Considering expanding the legislative framework to support the development of a broader spectrum of housing solutions accompanied by tailored support services, with a focus on ensuring flexibility along housing pathways and enhancing interoperability between various housing options;
  - Enhancing financial support mechanisms for construction to encourage a broader range of housing actors (such as TBS/SIM, housing cooperatives, and social rental agencies) to contribute to the expansion of the supported and training housing stock. Expanding the supply of supported and training housing could, by extension, form the backbone of efforts to scale up Housing First and housing-led solutions in Poland (as discussed below). Adjusting incentives for construction will only be meaningful within a reformed, more flexible supported and training housing system.
- **Building on the National Programme for Combating Poverty and Social Exclusion, develop a national framework for Housing First to facilitate the transition from temporary and emergency shelter towards long-term housing solutions for people experiencing homelessness.** The framework could be further supported by the development of relevant

legislative instruments to ensure effective implementation, including measures that would facilitate the provision of supported and training apartments for Housing First and housing-led approaches (see above). Additionally, to support the expansion of Housing First initiatives, increasing funding for the Programme to Overcome Homelessness (Pokonać bezdomność) could be considered. Other avenues might include increasing the awareness around Housing First among all relevant stakeholders

- **Assess the effectiveness of co-living housing programmes**, including assisted living communities (*Wspomagane Społeczności Mieszkaniowe*), and exploring their potential to be scaled up to serve other vulnerable groups. Developing additional programmes that provide flexibility in the design of housing solutions and enable the merging of funding streams for both housing unit development and the maintenance and delivery of support services could be further explored.

The following government institutions and other housing sector actors could be engaged in the implementation process:

- Ministry of Economic Development and Technology
- Ministry of Family, Labour and Social Policy
- Municipal authorities
- Powiats
- PFRON
- Expert Commission for Homelessness Prevention (*Komisja Ekspertów ds. Przeciwdziałania Bezdomności*)
- NGOs
- SANs

*Introducing and scaling up targeted support measures to prevent homelessness and housing instability among vulnerable households*

The Polish authorities could consider the following policy actions:

- **Identify opportunities to provide integrated housing and social services to people preparing to exit institutional or care settings**, to support the development of a case-management approach. The Centres for Social Services and/or Social Assistance Centres could provide key support in this direction, staffed by trained social workers working in multidisciplinary teams to provide individual assistance to care leavers and liaise with relevant institutions. Additionally, staff in relevant institutions (such as prisons, hospitals, or children's homes, as well as those supporting individuals after they leave, such as job centres) could be sensitised to the specific needs of different client profiles to ensure appropriate and effective assistance.
- **Expand the coverage of eviction prevention measures in municipalities**, which could include, among other things, the introduction of housing counsellors, support for debt management, and/or landlord-tenant mediation programmes. These measures could be introduced through a pilot programme in selected municipalities and then scaled up based on rigorous evaluation and the identification of the most effective practices. Irrespective of the pilot programme, housing advisory services could be delivered by housing advisors in municipalities that opt to establish this role within Social Assistance Centres or Centres for Social Services.

The following government institutions and other actors could be engaged in the implementation process:

- Ministry of Family, Labour and Social Policy
- Ministry of Health

- Ministry of Education
- Ministry of Justice
- Boards of psychiatric hospitals and addiction treatment facilities
- Mental Health Centres (*Centra Zdrowia Psychicznego*)
- Central Board of the Prison Service (*Centralny Zarząd Służby Więziennej*)
- Municipal authorities
- Municipal social policy actors
- *Powiats*
- *Powiat* social policy actors [*Powiat* Centres of Family Support (*Powiatowe Centra Pomocy Rodzinie*), children homes]
- NGOs

### 3.3. Facilitating physical adaptations to housing for older residents and people with disabilities

Across the OECD, the number of people with disabilities is expected to increase, as the population ages and chronic diseases affect a larger share of the population (Plouin et al., 2021<sup>[49]</sup>). This is especially true in Poland, given the rapidly ageing population. The old-age dependency ratio (defined as the share of population aged 65+ as a percentage of working-age population (20-64)) is at roughly 30%, below the EU-28 average and similar to the OECD average. However, it is expected to more than double to 70% by 2060 – well above the OECD average and EU-28 average for the same period (OECD, 2023<sup>[29]</sup>).

To ensure that people with disabilities and/or older people who are at risk of losing their autonomy can live comfortably and safely in their homes, physical adaptations to the dwelling and its immediate surroundings may be required. In light of the heterogeneity of the population with disabilities (in terms of the type and severity of impairment), there is no “one-size-fits-all” housing solution (Box 3.21) (Plouin et al., 2021<sup>[49]</sup>). A case in point is the issue of the “prisoners of the fourth floor”<sup>21</sup> – that is, individuals with reduced mobility who live on higher levels of multi-apartment buildings without lifts – which highlights both the difficulty of addressing these challenges now and the need to prevent them from arising in the future. Further, with Poland’s rapidly ageing population, housing adaptations to meet the needs of older people will become increasingly important. Older adults face a higher risk of domestic accidents, particularly falls – which are the leading cause of pain, disability, loss of independence, and premature death in this age group (WHO, 2008<sup>[50]</sup>). The estimated prevalence of falls in older people globally is above 25% (Salari et al., 2022<sup>[51]</sup>). Home adaptations can be an effective tool to prevent falls and other domestic accidents (WHO, 2017<sup>[52]</sup>). Within the broader context of deinstitutionalisation, adaptations to the dwelling stock should be considered as one important policy option, alongside the expansion of smaller-scale housing solutions that incorporate care for people with higher support needs (discussed in section 3.2).

Poland has recently made considerable progress in improving the accessibility of public areas, through the Accessibility Plus (*Dostępność Plus*) programme. Further, the Ministry of Infrastructure and Construction has published accessibility standards for people with disabilities, based on the concept of universal design, providing support to developers in designing accessible housing (Ministry of Infrastructure and Construction, 2017<sup>[53]</sup>). Moreover, since 2022, the PFRON programme Accessible Flat (*Dostępne Mieszkanie*) has been in operation, providing co-financing for the exchange of housing with architectural

<sup>21</sup> Among the solutions being considered to address this issue is a measure proposed by the Minister for Senior Policy, which would allow older people to transfer the management of their current apartments in exchange for a ground-floor housing unit from the municipal housing stock.

barriers for people with mobility impairments. The programme has a budget of PLN 150 million and an estimated 1 000 beneficiaries. However, more needs to be done to ensure that people with disabilities and older people have access to the necessary adaptations to individual dwellings, along with relevant social and health services, to support independent living.

### Box 3.21. Understanding the diverse housing needs of people with disabilities

There is a broad range of housing needs for people with disabilities, depending in large part on the type and severity of impairment. This means that there is no “one-size-fits-all” housing solution.

General challenges in OECD and EU countries include:

- a lack of dwellings that are accessible to people with disabilities, including people with reduced mobility and other types of disability;
- a shortage of alternative living arrangements that meet the needs of people with diverse needs; and
- the general challenge of providing integrated housing-related and community services to people with more complex needs.

Specific features in dwellings that can be relevant, depending on the type and severity of disability:

- mobility-related features in and around the dwelling for people with reduced mobility or those with sensory (sight, hearing) impairments, such as no-step entries, guardrails, ramps or open floorplans.
- attention to lighting and sounds, the incorporation of tactile design features as well as household features that are generally easy to manipulate and operate in and around the dwelling are especially important for people with intellectual, cognitive or sensory disabilities.
- additional support services for people with more complex needs to ensure that they can live safely and independently at home.

Source: Plouin et al. (2021<sup>[49]</sup>), “A crisis on the horizon: Ensuring affordable, accessible housing for people with disabilities”, *OECD Social, Employment and Migration Working Papers*, No. 261, OECD Publishing, Paris, <https://doi.org/10.1787/306e6993-en>.

### 3.3.1. Introducing a legal definition of accessible and adaptable dwellings in Poland

A key barrier to facilitating physical adaptations to individual dwellings is that there is no legal definition of accessible or adaptable housing in Poland. The Act of 7 July 1994, Construction Law (*Ustawa z dnia 7 lipca 1994 r. - Prawo budowlane*) and the Regulation of the Minister of Infrastructure on the technical conditions to be met by buildings and their location of April 12, 2002 (*Rozporządzenie Ministra Infrastruktury w sprawie warunków technicznych, jakim powinny odpowiadać budynki i ich usytuowanie z dnia 12 kwietnia 2002 r.*) outline several regulations to improve the accessibility of new housing, notably by establishing a minimum width of an entrance to multi-family residential buildings and mandatory parking spaces for people with disabilities, and ensuring that units on the ground floor are accessible in buildings without lifts. Adaptable dwellings, meanwhile, are those that can be easily renovated to improve accessibility over time.

While these regulations help guarantee that new developments meet basic accessibility standards, they are not always sufficient, and they do not apply to older dwellings. Indeed, further adaptations are often necessary to make the housing unit fully adapted to the differing needs of people with disabilities (including adaptations for people with vision or hearing impairments, walk-in showers, raised toilets, lighting adaptations, etc.). There is no requirement for lifts in buildings with fewer than five storeys, and the

requirement to install lifts in buildings with five or more storeys applies only to new construction. Given the ageing housing stock, a significant share of multi-family buildings remains without lifts, and there is currently no obligation to retrofit them, regardless of the number of floors. However, plans are being developed to introduce such an obligation, together with funding to support it. More broadly, there is a lack of enforcement of the rights of people with disabilities, in part due to a lack of information on legal regulations on the right to accessibility (Ministry of Funds and Regional Policies, 2024<sup>[54]</sup>).

The government has been working to address some of these regulatory challenges, including through amendments to the Regulation of the Minister of Infrastructure, which will expand the scope of accessibility obligations for investors. Under the draft regulation, newly constructed public utility buildings, collective residence buildings, and multi-family residential buildings must provide people with disabilities access from ground level to all usable floors, excluding technical levels. Secondly, managers of multi-family residential buildings will be able to access funding from BGK and PFRON to install a lift, provided that at least two residents with disabilities live in the building. Further, between 2022 and 2025, the Accessible Housing programme, operated by PFRON, provides co-financing for the exchange of a flat with architectural barriers for people with mobility impairments. The budget for the implementation of the programme is PLN 150 million (EUR 35 million) and should support around 1 000 people, who will change their place of residence to one free from architectural barriers.

Building on these developments, introducing a legal definition of accessible and adaptable housing can provide a common basis to assess the extent to which a housing unit is *accessible* (i.e., enables people with disabilities to enter, move around, and exit the dwelling) and/or *adaptable* (i.e., can easily accommodate future renovations to improve accessibility). Poland could draw on definition of accessible and adaptable housing in France (Box 3.22). Establishing a category of adaptable dwellings can ease the process of identifying suitable dwellings and tailoring homes to residents' individual needs over time. The introduction of these definitions could also, in a later stage, facilitate the possibility to establish minimum thresholds for accessible and adaptable units in new housing developments. Before establishing such thresholds, it would be important to assess the potential impacts on housing development costs. Poland could benefit from experiences during the implementation of the Elan law (*Loi Elan*) in France, which requires that all newly constructed dwellings on the ground floor or accessible by elevator be considered adaptable dwellings, while 20% of dwellings be considered accessible dwellings. Similarly, Poland could draw on consultations performed in the United Kingdom on implementing accessibility standards (UK Ministry of housing, Communities & Local Government, 2022<sup>[55]</sup>).

### Box 3.22. Defining different degrees of accessible and adaptable housing in France

To ensure people with physical disabilities have access to suitable housing, France has introduced accessibility obligations for new construction. Since 2015, accessible housing is defined as:

“Any collective residential building or any arrangement linked to a building allowing a resident or visitor with disabilities, with the greatest possible autonomy, to move around, access premises and equipment, use the equipment and find their way around and communicate is considered accessible to people with disabilities. The access conditions for people with disabilities must be the same as those of other audiences or, failing that, present an equivalent quality of use.” (art R162-2 of the construction and housing code, known as CCH)

As per article 64 of the law 2018-1021 of November 23rd, 2018, the ELAN law on planning and digital technology and the decree n° 2019-305 of April 11, 2019, developers must follow the following regulations on new construction projects:



- 20% of the housing units on the ground floor or on floors accessible by elevator must be accessible housing.
- The remaining housing units on the ground floor or on floors accessible by elevator must be “adaptable housing” (*logement évolutif*). These units must satisfy the following requirements:
  - A person in a wheelchair can enter, move around the living room, and use the restroom.
  - The housing unit can be upgraded to meet the regulatory standards with simple modifications that do not affect structural elements or certain embedded networks within the walls.
- Any building with more than 2 floors above or below the ground floor, must have an elevator.

The regulations also specify that if a renovation project is worth more than 80% of the value of the building, the following areas need to be accessible:

- Communal areas, inside or outside, even if they are not part of the renovation.
- Parking spaces, cellars, and private storage areas where the work is being carried out.
- Housing units where the work is being carried out, if they are on the ground floor, or can be accessed using an elevator.

The regulations do not apply to housing built for personal use, and exceptions exist for specific types of housing (e.g. housing units in historical monuments).

### 3.3.2. Providing funding for preventive housing adaptation

While Poland already provides funding to support housing adaptations for people with disabilities and older people, the programmes eligibility criteria do not allow for preventive adaptations. Under the Accessibility+ programme, older people can indirectly benefit from the Accessibility Fund (*Fundusz Dostępności*), which provides loans to, among others, housing cooperatives, TBS, and local governments to improve accessibility in areas such as multi-family housing. However, these loans are intended to support adaptations in communal-use spaces, rather than individual dwellings. Further, PFRON provides funding to remove architectural barriers in homes, and for the purchase of rehabilitation equipment. However, funds are only available to those with valid disability certificates.

Poland could consider expanding support programmes for housing adaptations to include preventive measures that support autonomy and independent living among older people, as is the case in Germany (Box 3.23) and France (Box 3.24). This could include programme support for necessary home adaptations for older people without disability certificates. The focus on preventive adaptations for older people would complement the key objectives of Poland’s national strategy, *Social Policy for Older Adults 2030: Security – Participation – Solidarity*, in particular its fourth thematic area focusing on “facilitating access to services that enhance independence and adapting living environments to the functional capabilities of dependent older adults”.



### Box 3.23. Age-appropriate renovations in Germany

The Federal Government of Germany facilitates ageing in place through two main housing adaptation programmes. The KfW Grant Programme “Age-Appropriate Renovation (455-B)”, administered by the KfW Development Bank and financed by the Federal Ministry for Housing, Urban Development and Building (BMWSB), provides non-repayable investment grants to support barrier-reducing modifications in existing housing. Since its launch in 2014 and through the end of 2023, the programme approved over 340 000 grants, enabling the renovation of more than 388 000 housing units. The programme is open to private homeowners (including owner-occupiers) and tenants (with the consent of the landlord), regardless of income or age. Typically funded measures include the installation of walk-in showers, lifts, stair lifts, grab bars and lifts; the removal of thresholds; and widening of doorways. In parallel, the KfW Loan Programme “Age-Appropriate Renovation – Credit” offers low-interest loans to housing companies, cooperatives, and private landlords for similar renovation projects.

Additionally, regional and municipal authorities across Germany provide funding opportunities for barrier-free renovations. These can be accessed through the federal and state funding database, with local authorities offering detailed guidance tailored to specific regional programmes.

To raise awareness of the importance of home adaptations, particularly those that support ageing in place, the Federal Ministry of Education, Family Affairs, Senior Citizens, Women, and Youth has developed a comprehensive set of informational resources. These materials offer practical guidance on the types of available modifications, how to assess the need for them, and the key steps involved in implementation. For example, they include a checklist for identifying qualified tradespeople and service providers, as well as information on available support services and how to access them. Other ministries, such as the Federal Ministry of Health, have also produced relevant resources that promote and support ageing in place.

Source: Bundesministerium für Wohnen, Stadtentwicklung und Bauwesen (2024<sup>[56]</sup>); Bundesministeriums für Familie, Senioren, Frauen und Jugend (n.d.<sup>[57]</sup>).

### Box 3.24. Prevention schemes to help older people live independently in their homes: SOLIHA in France

SOLIHA, a non-profit organisation dedicated to improving housing and living conditions for vulnerable populations, provides support services to enhance the functionality of living spaces for seniors, while preventing accidents and preserving autonomy. The organisation offers tailored solutions for homeowners, landlords, and tenants looking to implement modifications that improve overall living conditions.

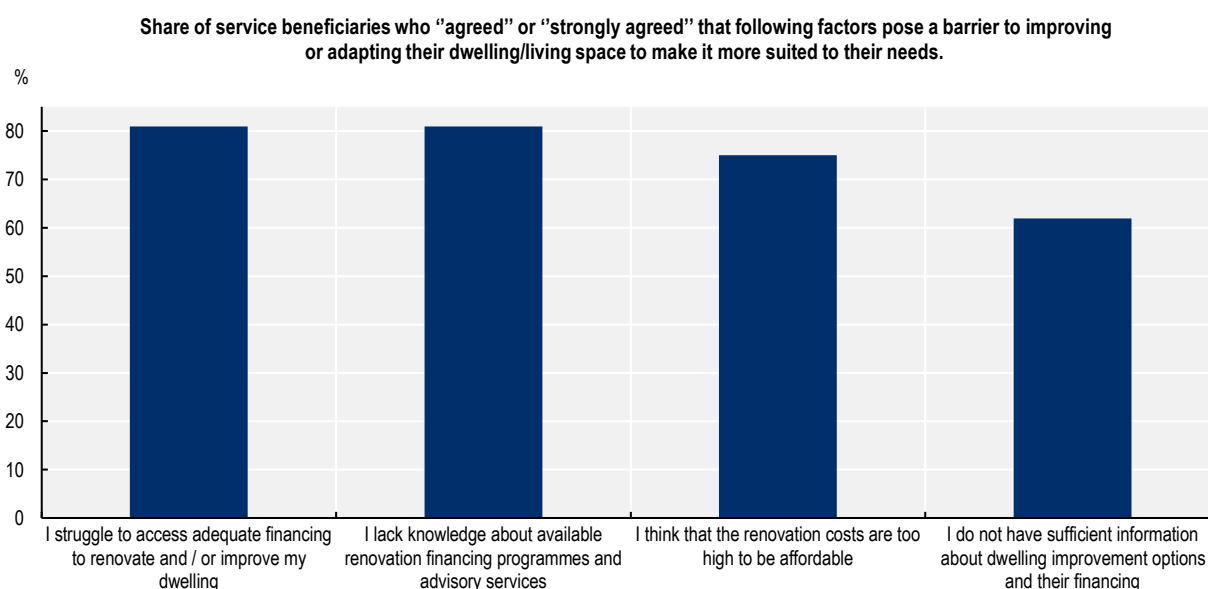
The adaptation process begins with a comprehensive assessment conducted by SOLIHA professionals, including building technicians, occupational therapists, and financial advisers, to identify necessary adjustments. Based on this evaluation, personalised recommendations are provided to ensure that living spaces meet safety and accessibility standards. Preventive adaptations may include improving access to entrances, modifying the layouts of kitchens, bathrooms, and bedrooms, installing aids for stair navigation, and automating systems such as electric shutters and gates. SOLIHA delivers expert guidance throughout all stages of the adaptation process. While property owners maintain decision-making authority, SOLIHA provides support from initial assessments through project completion and

financial aid processing. Financial assistance represents a crucial component of SOLIHA's support framework. Guidance is provided in navigating different funding sources and efforts are made to maximize financial aid opportunities to support the adaptation process.

Moreover, SOLIHA is actively engaged in various awareness-raising initiatives designed to educate older adults about the risks of falls and the support solutions available to meet their evolving needs. A notable example is the "Well at Home" (*Bien chez soi*) workshops covering a range of topics, including proper postures and movements for daily activities, the use of innovative accessories to ease daily life, or the significance of housing adaptations.

Preventive measures should be coupled with public awareness campaigns. In the OECD Stakeholder Survey, roughly 80% of beneficiaries reported that they lacked knowledge about available renovation and adaptation support programmes and advisory services (Figure 3.4). Public awareness campaigns can improve the public's knowledge base of renovation and adaptation support programmes, educating people about the benefits of adapting their homes before accidents occur and encouraging them to take advantage of existing support programmes.

**Figure 3.4. Service beneficiaries struggle to access financing to undertake renovations or improvements and are largely unaware of available support schemes**



Note: 1) Participants responded to the prompts using a Likert scale: *Strongly agree*, *Agree*, *Neither agree nor disagree*, *Disagree* or *Strongly Disagree*. 2) Participants were responding to the following prompts: "I struggle to access adequate financing (e.g. bank loans) to renovate and/or improve my dwelling to make it more adapted to my needs", "I lack knowledge about available renovation financing programmes and advisory services that I could potentially access", "I think that the renovation costs are too high to be affordable", "I do not have sufficient information about dwelling improvement options and their financing (loans, subsidies, grants, etc.)." The number of respondents varied from 20 to 21 for each item. Source: 2024 OECD Stakeholder Survey: Affordable Housing in Poland.

### 3.3.3. Processes to adapt the existing housing stock to the needs of people with disabilities

Funding to undertake accessibility upgrades to dwellings, including the elimination of architectural and technical barriers and the purchase of rehabilitation equipment, are generally managed by PFRON, which provides financial resources to eligible individuals pursuant to the Rehabilitation Act and relevant

regulations. People with various levels of disabilities, as well as institutions, including municipalities and employers, are eligible to receive funding from PFRON. Further, the Accessibility Plus programme, managed by the Ministry of Development Funds and Regional Policy, provides funds to improve the accessibility of public areas, as well as public utility buildings and multi-family housing. However, the scale of adaptations so far has been small, which may be due, among other things, to inadequate financial coverage of available support (for example, maintenance costs for installing a new lift in a multi-family building are not covered) and low public awareness. Further, approval processes for dwelling adaptations in specific settings represent additional administrative hurdles. For instance, people living in multi-apartment buildings generally require approval from housing managers, which can be a lengthy process. People living in historical buildings must receive municipal authorisation, which can be even more complex. Further, tenants require prior permission from owners, which can delay or prevent adaptations.

There is scope to further streamline funding and simplify approval processes. According to the OECD Stakeholder Survey, roughly 80% of institutional stakeholders agreed that streamlining administrative process to make it easier to undertake renovations would accelerate efforts to meet the housing needs of vulnerable residents. Drawing on examples from other countries, notably *MaPrimeAdapt* from France, Poland could simplify the application process for housing adaptation support, making it easier for people with disabilities to receive funding (Box 3.25). For instance, PFRON could consider allowing beneficiaries to apply for several types of funding through a single application. Moreover, the process can be further standardised to simplify the application process for people living in multi-apartment buildings, as well as tenants. Looking ahead, it will be increasingly important to consider aligning funding for housing adaptations with the various supports available for energy renovations, including those that will be made available under the Social Climate Fund (Box 3.8).

### Box 3.25. Public support schemes to adapt private dwellings: *MaPrimeAdapt* in France

To help people with physical disabilities or older people stay in their homes, the Ministry of Labour, Heath and Solidarity has merged all adaptation schemes into a single programme. The programme, titled *MaPrimeAdapt*, aims to adapt 250 000 dwellings by 2027, and 680 000 dwellings by 2030. All people aged 70 and over, and all people with disabilities are eligible for the *MaPrimeAdapt* benefit. People aged between 60 and 69 are eligible depending on their level of independence. The benefit can be used for both inside renovations (e.g. electric stair climber, support bars, movement detecting lights, etc.) and outside renovations (e.g. ramps, increasing the size of doorways, etc), including in multi-family buildings. The value of the benefit is equal to 50-70% of the value of the renovations depending on the income of the beneficiary, as long as the renovation is worth less than 22 000 euros. *MaPrimeAdapt* has a separate stream for people living in multi-family dwellings, where funding can be provided to improve the accessibility of common spaces. To apply for this funding, the adaptations must be approved by the co-ownership association.

Both owners and renters are eligible to receive the *MaPrimeAdapt* benefit. Renters must inform the owner of the residence of the adaptation plans, and the owner must provide approval. However, in the case that the owner does not respond within two months, the renter can move forward with the adaptations without written approval.

All beneficiaries are also required to consult a project management assistant (AMO) throughout the duration of the project. The project management assistant visits dwellings to provide diagnostics and tailored advice on adaptations based on specific needs.

Source: France Rénov (2024<sup>[58]</sup>).

Further, Poland could consider providing tailored guidance to people undergoing adaptations. Housing technical advisors, which exist in countries such as Ireland (Box 3.26), can act as a “one-stop-shop” for

detailed information on housing services available to people with disabilities or older people that are available in each municipality. Such advisors can also provide technical support, helping people better understand which adaptations could benefit them, and how to apply for support. Additional forms of support could include guidance in finding contractors to perform the necessary renovations. These advisors would help increase take-up of adaptation programmes for people with disabilities, and help programmes be further tailored to the specific needs of vulnerable groups.

### Box 3.26. Age Friendly Technical Housing advisors in Ireland

Age Friendly Technical Advisors act as a one-stop shop for information related to technical housing adaptations for older people in Ireland. Each local authority has a specialist technical housing advisor that provides advice to the authority itself, private sector organisations and to the general public. The role of the Age Friendly includes:

- Acting as the key point of contact for technical housing adaptations for older people;
- Provide clients with contacts that can perform renovations;
- Sharing technical plans and development specifications.

The Age Friendly Technical advisors meet regularly to share best practices from their respective communities. They also receive technical training on key issues related to housing for older people. There are 31 technical advisors in Ireland.

Source: Age Friendly Ireland (2023<sup>[59]</sup>).

### 3.3.4. Recommendations to facilitate physical adaptations to housing for older residents and people with disabilities

To improve the physical accessibility of the housing stock, tailored guidance and information for older residents and people with disabilities would be beneficial. Introducing a legal definition of accessible dwellings would make it easier for those requiring specific adaptations to identify housing suited to their needs. In addition, promoting preventive adaptations would help older people access the necessary support early, reducing the risk of falls or injuries. Streamlining funding and approval processes for home adaptations would also improve the user experience and ensure beneficiaries receive personalised guidance and high-quality modifications suited to their needs.

#### *Introducing a legal definition of accessible and adaptable dwellings*

The Polish authorities could consider the following policy actions:

- **Introduce a legal definition of accessible and adaptable dwellings**, which can be used to label housing units for people with disabilities and include different degrees of accessibility and adaptability. Consultations with key stakeholders, housing developers and beneficiaries would be important in establishing the definition.
- **Assess the feasibility and potential impacts of setting a minimum share of accessible and/or adaptable dwellings in new housing developments**, drawing on experiences from other OECD countries. To balance the introduction and implementation of standards with the need to keep construction costs affordable, conducting an ex-ante impact evaluation of various scenarios for introducing minimum requirements could be valuable. This process can be further strengthened through consultation and engagement with key stakeholders, including housing developers.

The following government institutions and other actors could be engaged in the implementation process:

- Ministry of Economic Development and Technology
- Ministry of Family, Labour and Social Policy
- PFRON
- Government Plenipotentiary for Persons with Disabilities
- NGOs (working for and fostering the rights of people with disabilities)
- Housing developers
- Affordable housing providers (TBS/SIM)

*Introducing preventive measures to help older people live independently, including support for home adaptations, and enhancing awareness of existing support*

The Polish authorities could consider the following policy actions:

- **Expand the scope of existing housing adaptation subsidy programmes to cover preventative home adaptations and facilitate ageing-in-place.** This includes PFRON's adaptation subsidy programme for people with disabilities and the Accessibility Plus programme.
- **Develop public awareness campaigns on available housing adaptation support schemes, working with municipalities where relevant.** A public information campaign to highlight the importance of housing adaptations and the risks associated with falls in old age could be developed, with potential collaboration with relevant partner institutions (e.g., municipalities, hospitals, health clinics, community centres, organisations supporting older people, churches).

The following government institutions and other actors could be engaged in the implementation process:

- Ministry of Family, Labour and Social Policy
- Ministry of Economic Development and Technology
- Ministry of Finance
- Minister for Senior Policy
- PFRON
- Municipal authorities
- NGOs (working for and fostering the rights of older people)

*Streamlining funding and approval processes to adapt dwellings and providing tailored support and guidance for individuals with specific housing needs*

The Polish authorities could consider the following policy actions:

- **Streamline application processes for different funding streams for housing adaptations into a single programme.** This process could further consist in reviewing the existing regulations and approval requirements to identify provisions that could be streamlined or eliminated to reduce administrative burdens. Creating an accessible and user-friendly housing adaptation webpage could also be considered.
- **Provide guidance to consider the specific challenges and needs associated with adaptations of diverse housing arrangements** (including rental housing, multi-family building and historical buildings). This could include additional support to help people with disabilities and older people, including those with limited mobility living on the upper floors of buildings without lifts, obtain funding approval from municipalities or building managers for renovations.
- **Provide technical advice to help people with disabilities and older people obtain funding approvals,** improve the quality and efficiency of housing modifications, and enhance coordination between beneficiaries and local authorities.

The following government institutions and other actors could be engaged in the implementation process:

- Ministry of Family, Labour and Social Policy
- Ministry of Development and Technology
- Ministry of Development Funds and Regional Policy
- Ministry of Digitalization
- PFRON
- Municipal authorities

### 3.4. Summary of recommendations

This section summarises the recommendations to improve housing affordability and tailored housing solutions for vulnerable groups in Poland across the three pillars, linked to the relevant existing programmes and legislation when applicable.

- *Pillar 1* focuses on boosting the supply of affordable housing to expand housing solutions, in particular for people with limited or no support needs. This can be supported by defining strategic policy priorities for affordable housing, along with corresponding actions and resources; and exploring the potential to mobilise the existing stock for affordable housing, including by scaling up social rental intermediation schemes and activating vacant buildings.
- *Pillar 2* aims to support the provision of tailored housing solutions with integrated social and health services for people with higher support needs. This could be supported by improving coordination between housing and social services (e.g., through the creation of an inter-ministerial body to oversee housing and support services); increasing the supply of supported and training housing, including Housing First solutions; and introducing and scaling up targeted support measures to prevent homelessness and housing instability among vulnerable households.
- *Pillar 3* addresses strategies to facilitate physical adaptations to housing for older residents and people with disabilities by introducing a legal definition of accessible dwellings; introducing preventive measures to help older people live independently and enhancing awareness of existing support; and streamlining funding and approval processes to adapt dwellings.

**Table 3.2. Recommendations to improve housing affordability and tailored housing solutions for vulnerable groups in Poland**

Recommendation	Related programmes and strategies	Related legislation
<b>Pillar 1. Boosting the supply of affordable housing to expand housing solutions, in particular for people with limited or no support needs</b>		
<b>1.1. Defining strategic policy priorities for affordable housing, along with corresponding actions and resources</b>		
<ul style="list-style-type: none"> <li>• Capitalise on the renewed policy emphasis on affordable housing to expand the Medium-Term Development Strategy to 2035 and/or develop other strategic documents to adequately address the affordable housing agenda.</li> <li>• Introduce policy reforms to support the development of affordable housing, which could cover:               <ul style="list-style-type: none"> <li>- Long-term investment in affordable housing;</li> <li>- Complementary policy reforms to support affordable housing objectives (e.g., relating to municipal housing, the private rental market, demand-side housing support measures).</li> </ul> </li> </ul>	National Housing Programme, (repealed in 2025) Medium-Term Development Strategy to 2035 (forthcoming)	Resolution No. 115/2016 (repealed) UA7 (proposal) UA11 (proposal)



<b>1.2. Mobilising the existing stock for affordable housing, including by scaling up social rental intermediation schemes and exploring the potential to activate vacant buildings</b>		
<ul style="list-style-type: none"> <li>Scale up social rental intermediation schemes, including social rental agencies (SANs).</li> <li>Consider the introduction of a system of a state-backed rental guarantee system to property owners who lease dwellings to social tenants at affordable rates.</li> <li>Explore the potential to activate, renovate and/or adapt underutilised or vacant buildings, including low-quality municipal housing.</li> </ul>	<p><a href="#">“Mutually Needed”</a> ESF+ funding programme for SANs for years 2024 &amp; 2025 BSK funding TERMO programme Long-Term Renovation Strategy</p>	<p><a href="#">Act</a> of May 28, 2021, (Item 1243) amending the Act on certain forms of support for residential construction and certain other acts <a href="#">Act of January 13, (Item 185) 2023</a> <b>Amending the Act on Assistance to Ukrainian Citizens in Connection with the Armed Conflict on the Territory of that State and Certain Other Acts</b> Published in the Journal of Laws 2023, (Article 6 on SANs) <a href="#">Act</a> of May 26, 2023 <b>Amending the Act on Municipal Government, the Act on Social Forms of Housing Development, the Act on Real Estate Management, the Act on Civil Law Transactions Tax, and Certain Other Acts</b></p>
<b>Pillar 2. Providing tailored housing solutions with integrated social and health services for people with higher support needs</b>		
<b>2.1. Improving coordination between housing and social services, including by creating an inter-ministerial body to oversee and operationalise housing and support services</b>		
<ul style="list-style-type: none"> <li>Introduce a dedicated inter-ministerial body (<i>organ międzyresortowy</i>) to facilitate and oversee the provision of integrated housing and social services for vulnerable groups.</li> <li>Ensure the availability of sustainable, long-term, and flexible funding to deliver integrated housing solutions at scale.</li> <li>Leverage European funding and facilitate access for local actors to such funding in order to support integrated housing solutions.</li> <li>Enhance housing support for migrants within the one-stop-shop model of the recently established Centres for Migrant Integration (CICs).</li> <li>Improve access to information around integrated housing solutions and social services.</li> </ul>	<p>The Strategy for the Development of Social Services Comprehensive and Responsible Migration Strategy for 2025-2030 Care 75+ “For Life” PFRON funding SBC funding BSK funding EU funds</p>	<p>Resolution No. 135 of the Council of Ministers of 15 June 2022 on the adoption of the public policy titled “Strategy for the Development of Social Services, Public Policy until 2030 (with a perspective until 2035)”</p>
<b>2.2. Increasing the supply of supported and training housing, including Housing First solutions</b>		
<ul style="list-style-type: none"> <li>Address legal, financial and operational bottlenecks to bolster the existing system of supported and training housing.</li> <li>Develop a national framework for Housing First to form the backbone of national homelessness policy.</li> <li>Assess the effectiveness of co-living housing programmes, including assisted living communities (<i>Wspomagane Społeczności Mieszkaniowe</i>), and based on results, explore their potential to be scaled up to serve other vulnerable groups.</li> </ul>	<p>The Strategy for the Development of Social Services <a href="#">Assisted Living Communities</a> “For Life” The Programme to Overcome Homelessness (“<i>Pokonać bezdomność</i>”) National Programme for Combating Poverty and Social Exclusion. (update 2021-2027, with a perspective to 2030)</p>	<p>Act of 12 March 2004 on Social Assistance Regulation of the Minister of Family, Labour and Social Policy of 26 April 2018 on sheltered housing (Journal of Laws, item 822, as amended) Resolution No. 135 of the Council of Ministers of 15 June 2022 on the adoption of the public policy titled “Strategy for the Development of Social Services, Public Policy until 2030 (with a perspective until 2035)” <a href="#">Act</a> of July 28, 2023 amending the Act on Social Assistance and certain other Acts <a href="#">Regulation</a> of the Minister of Family and Social Policy of October 30, 2023, on training and supported housing Act of 4 November 2016 on Support for Pregnant Women and Families “For Life” Resolution No. 160 of the Council of Ministers of 20 December 2016 on the Comprehensive Support Programme for Families “For Life” Resolution No. 5 of the Council of Ministers dated 17 January 2025, amending the resolution on the comprehensive support programme for families “For Life” Resolution No. 105 of the Council of Ministers of 17 August 2021</p>



<b>2.3. Introducing and scaling up targeted support measures to prevent homelessness and housing instability among vulnerable households</b>		
<ul style="list-style-type: none"> <li>Identify opportunities to provide integrated housing and social services to people preparing to exit institutional or care settings.</li> <li>Expand the coverage of eviction prevention measures in municipalities, and evaluate and monitor programme outcomes to identify the most effective practices.</li> </ul>	<p>The Programme to Overcome Homelessness ("Pokonać bezdomność")</p> <p>The Strategy for the Development of Social Services</p>	Regulation of the Minister of Family and Social Policy dated 16 November 2023 amending the regulation on institutional foster care
<b>Pillar 3. Facilitating physical adaptations to housing for older residents and people with disabilities</b>		
<b>3.1. Introducing a legal definition of accessible and adaptable dwellings</b>		
<ul style="list-style-type: none"> <li>Introduce a legal definition of accessible and adaptable dwellings.</li> <li>Assess the feasibility and potential impacts of setting a minimum share of accessible, adaptable and/or upgradable dwellings in new housing developments.</li> </ul>	<p>Accessibility Plus</p> <p>PFRON Accessible Public Space</p>	<p>The <a href="#">Act</a> of July 7, 1994 - Construction Law</p> <p><a href="#">Regulation</a> of the Minister of Infrastructure of April 12, 2002, on the technical conditions that buildings and their location must meet (as solidified in the Journal of Laws 2022, item 1225)</p> <p><a href="#">Resolution</a> no. 102/2018 of the Council of Ministers of July 17, 2018 on the Establishment of the Government Programme "Accessibility Plus"</p> <p><a href="#">Accessibility Standards</a> for Buildings for People with Disabilities Taking into Account the Concept of Universal Design – A Guide (<i>not a legislative act</i>)</p>
<b>3.2. Introducing preventive measures to help older people live independently, including support for home adaptations, and enhancing awareness of existing support</b>		
<ul style="list-style-type: none"> <li>Expand the scope of existing housing adaptation subsidy programmes to cover preventative home adaptations and facilitate ageing-in-place.</li> <li>Develop public awareness campaigns on available housing adaptation support schemes, working with municipalities where relevant.</li> </ul>	<p>Accessibility Plus</p> <p>PFRON Accessible Flat</p>	<p><a href="#">Resolution</a> No. 161 of the Council of Ministers of October 26, 2018, on the Adoption of the Document "Social Policy for Seniors 2030. SECURITY – PARTICIPATION – SOLIDARITY"</p>
<b>3.3. Streamlining funding and approval processes to adapt dwellings and providing tailored support and guidance for individuals with specific housing needs</b>		
<ul style="list-style-type: none"> <li>Streamline application processes for different streams of funding for housing adaptations into a single programme.</li> <li>Provide guidance to consider the specific challenges and needs associated with adaptations of diverse housing arrangements.</li> <li>Provide technical advice to help people with disabilities and older people obtain funding approvals, improve the quality and efficiency of housing modifications, and enhance coordination between beneficiaries and local authorities.</li> </ul>	<p>Accessibility Plus</p> <p>PFRON Accessible Flat</p>	

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# Annex A. Stakeholder Survey: Housing Affordability in Czechia and Poland

## Methodology and limitations

The OECD prepared a dedicated online survey for Czechia and for Poland, which were validated by the respective Czech and Polish members of the project Advisory Group. Each survey was circulated to a range of stakeholders in both countries, who were identified by the Advisory Group. Participants had the option of completing the survey in English, Czech or Polish. Participants were informed that participation in the survey was entirely voluntary and that their responses would remain anonymous, in accordance with the OECD Personal Data Protection guidance. Participant responses were stored and only accessible to authorized OECD staff until the project conclusion.

Surveying experts and specialised stakeholders is key to access information that is not available in the public domain, especially when assessing policy design and implementation. Soliciting opinions from experts within and outside government (including, in the case of Poland, service beneficiaries) can also yield useful insights regarding perceptions of existing public support schemes, and appetite for new types of policies or support. Anonymous responses also allow experts to provide opinions on subjects which have not yet reached a consensus or remain sensitive. Due to the selection of respondents based on their expert knowledge of housing-related issue and policymaking, the final sample can be small and not representative. Increasing the pool of respondents would likely bias results, since it would require the inclusion of non-experts with uninformed opinions (Maestas, Buttice and Stone, 2014<sup>[1]</sup>). The online stakeholder survey is therefore not intended to be representative and rather provide illustrative views among key housing stakeholders.

## Survey structure

The first part of each survey was common to both Czech and Polish stakeholders. It covered questions related to respondents' characteristics (type of institution, region of operation) as well as their opinions on housing policy priorities in each country. Subsequent sections were tailored to each country's policy priorities, identified at the outset of the project and detailed in the Inception Report (Output 2):

- Developing affordable housing in Czechia, focusing on:
  - Increasing the provision of affordable housing by not-for-profit housing actors
  - Leveraging land-use and spatial planning tools more efficiently
  - Broadening the use of land-based finance tools to support housing affordability
  - Challenges and reform options for housing taxation
- Developing housing solutions for vulnerable groups in Poland, focusing on:
  - Increasing the supply of social and affordable housing, including social and municipal housing
  - Developing tailored housing solutions and related social and health services that meet the needs of vulnerable residents and enable them to live independently in the local community



- Facilitating technical improvements and adaptations to existing housing for vulnerable groups (e.g., seniors, people with physical disabilities and/or mental illness, etc.)

## Respondents' characteristics

In both cases, stakeholders who were initially sent the survey were encouraged to share it with other relevant stakeholders or experts. The survey was circulated in Q2 2024, and only complete answers were taken into account in the analysis of survey results.

- The Czech survey was initially sent to 90 stakeholders and received 31 full answers and 38 partial ones. Most respondents were government representatives and researchers (Table A A.1). Stakeholders living in Prague represented half of the sample (Table A A.2).
- The Polish survey was initially sent to 51 stakeholders, and further circulated to additional stakeholders. It received 134 full answers and 201 partial ones. The survey was circulated to both housing experts and beneficiaries of housing support; stakeholder responses in the first section of the survey triggered a tailored questionnaire, depending on which category they belonged to: institutional stakeholder (Track A) or service beneficiary (Track B). Beneficiaries of housing support ultimately accounted for a fifth of the sample, NGOs accounted for 16.5% of responses, and all types of government combined accounted for 37.3% of responses (Table A A.1). The Polish survey achieved a good geographical coverage, with the regions (*voivodeship*) of Zachodniopomorskie and Mazowieckie together accounting for over a third of the sample (Table A A.3).

**Table A A.1. Typology of stakeholders surveyed**

Stakeholder	Czechia		Poland	
	Count	Frequency (%)	Count	Frequency (%)
Local government	12	25.53	20	14.93
Central government	8	17.02	3	2.24
Academic / university / research institute	6	12.77	7	5.22
Other type of organisation	5	10.64	17	12.69
Non-governmental organisation or association	4	8.51	22	16.42
Other public body / institution	3	6.38	19	14.18
Housing provider	2	4.36	6	4.48
Regional government	2	4.36	1	0.75
Banking and/or financial institution	1	2.13	1	0.75
Social rental agency (Czechia only)	3	6.38	N.A.	
<i>Powiat</i> or city with <i>powiat</i> status (Poland only)	N.A.		7	5.22
Consumer or tenant association (Poland only)			2	1.49
Housing developer (Poland only)			1	0.75
Individual beneficiary of social support (Poland only)			28	20.90

Note: Missing information is not reported. In Poland, the "local government" and "regional government" categories correspond to *gmina* and *voivodeship* governments, respectively.

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia; 2024 OECD Stakeholder Survey: Affordable Housing in Poland.

**Table A A.2. Respondents per localisation of their institution in Czechia**

Region	Number of respondents	Frequency
Prague, the Capital City	27	52.94
<b>All regions / National institution</b>	6	11.76
Jihomoravský Region (Brno)	5	9.80
Plzeňský Region (Plzeň)	5	9.80

Královéhradecký Region (Hradec Kralove)	2	3.92
Moravskoslezský Region (Ostrava)	2	3.92
Olomoucký Region (Olomouc)	2	3.92
Jihočeský Region (Budejovice)	1	1.96
Zlínský Region (Zlin)	1	1.96
Karlovarský Region (Karlovy Vary)	0	0
Liberecký Region (Liberec)	0	0
Pardubický Region (Pardubice)	0	0
Region Vysocina (Jihlava)	0	0
Středočeský Region (Prague*)	0	0
Ústecký Region (Ústí nad Labem)	0	0
<b>TOTAL</b>	<b>51</b>	<b>100</b>

Note: Multiple choices were allowed. Missing observations are excluded.

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia.

**Table A A.3. Respondents per localisation of their institution in Poland**

Region	Number of responses	Frequency (%)
Zachodniopomorskie	37	22.02
Mazowiecki	28	16.67
Swietokrzyskie	16	9.52
Pomorskie	14	8.33
<b>All regions / National institution</b>	<b>13</b>	<b>7.74</b>
Slaskie	12	7.14
Lubelskie	8	4.76
Podlaskie	8	4.76
Wielkopolskie	6	3.57
Dolnoslaskie	6	3.57
Malopolskie	5	2.98
Lubuskie	5	2.98
Lodzkie	3	1.79
Kujawsko-pomorskie	3	1.79
Podkarpackie	2	1.19
Opolskie	2	1.19
Warminsko-mazurskie	0	0

Note: Multiple choices were allowed. Missing observations are excluded.

Source: 2024 OECD Stakeholder Survey: Affordable Housing in Czechia; 2024 OECD Stakeholder Survey: Affordable Housing in Poland.

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[1]

# Housing Reforms in Czechia and Poland

Housing matters for economic development and well-being. Czechia and Poland have experienced strong economic growth and significant improvements in living standards. Higher incomes and lower unemployment have put upward pressure on the demand for housing, while the supply has struggled to keep pace in many areas. The report analyses housing market trends in both countries and provides country-tailored recommendations to boost the supply of affordable housing and address the housing needs of vulnerable groups. Drawing on the rich and extensive experience of other OECD countries, the report presents strategies to unlock affordable housing development, including by facilitating the emergence of affordable housing providers, making more efficient use of spatial planning and land-based finance tools, and reforming property taxes. It also explores ways to adapt housing to meet the needs of an ageing population, mobilise existing buildings for affordable housing, and strengthen tailored housing solutions with integrated health and social services for people with higher support needs.



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