

NON-PROFIT ORGANIZATIONS AS A MODEL FOR MANAGEMENT OF SOCIAL HOUSING

Herbert G. Pfeiffer

UNECE GENEVA

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The income of people vs. rent / purchasing price of an apartment is most influential to affordability of housing

- **Key factors for affordable housing:**
 - Income of people vs. height of rent / vs. purchasing price
 - Cost of land and connection cost of utilities
 - Cost of construction
 - Profit margins of investors/developers
 - Energy efficiency together with standards and norms in construction industry
 - Efficient housing management function

The most important issue to affordable housing is to bring down cost of land, production cost and as a consequence of both the computation basis for rent or selling prices of apartments

- **What can be done by governments ?**
 - To implement efficient processes to gather construction permits (permanent efficiency improvement)
 - High quality standards and norms in construction industry including energy efficiency standards
 - project related subsidies to reduce production cost and to avoid social ghettos including caps for cost of land and construction

- **What can be done by governments ?**

continued ...

- subsidies to individuals which have not sufficient free available income to cover the rent or the annuity for a loan together with running operating cost including caps for land and construction cost
- direct and/or indirect tax deductions or exemptions
- implement a system of housing development to avoid high profit margins of developers/investors

Profit margins between 25% and over 100% in developing economies are indicating that pure market economy above will not satisfy the housing needs of up to 85% of population

- Non for Profit Housing Development Companies carried out substantially social/affordable housing in whole western Europe after WORLD War II
- to gain tax advantages as eg. exemption from corporate income tax they had and have to follow the regulation of a very specific and clear framework setting Legislation

Regulated profit and exclusion of interest conflicts are decisive

- margins are limited by 3% on production cost and payments of dividends are prohibited
- to avoid conflict of interest, any ownership or management relation between the non for profit housing sector and the construction industry sector is forbidden by law. These should enable free competition based on tender procedures.
- Violations result in the loss of the special legal status and is associated with the backpayment of tax advantages

Non for Profit housing sector (NPH) creates unique qualitative and quantitative effects to national economy, the housing industry sector, to satisfy the need and demand of individuals and the financial income of the state

- NPH's are able to satisfy the housing needs of the low and middle income population
- Avoidance of polarization of population and social peace
- Employment effects
- Stabilizing construction industry sector with construction projects which otherwise would not exist

NPH sector is improving the economic situation of state budget

- Building up a new industry sector of regulated profit housing companies which is multiplying the amount of state subsidies by increased income tax and VAT from construction industry projects, payroll taxes and social insurance contributions which would otherwise not exist.

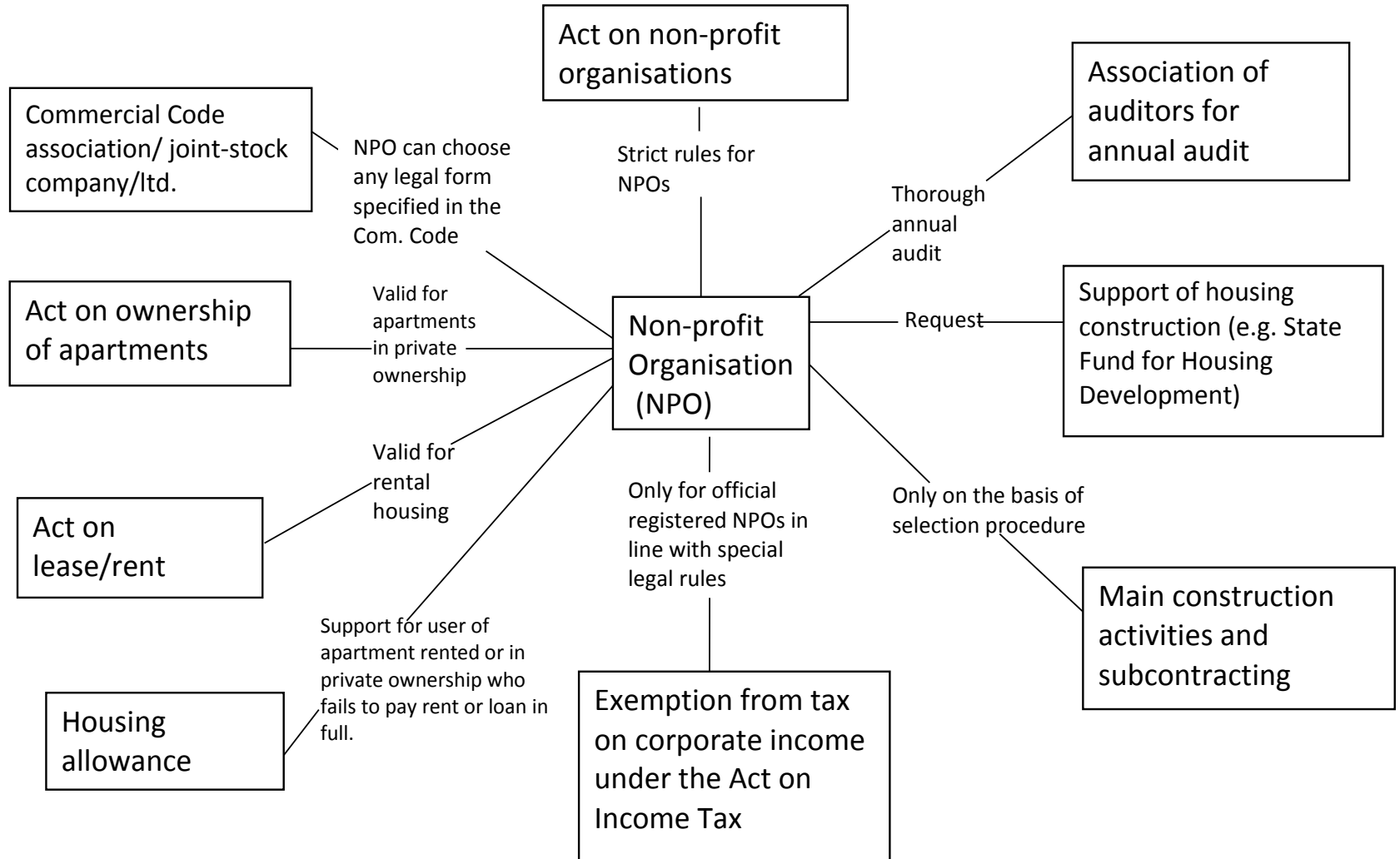
Cost coverage is a precondition for a sustainable NPH industry sector

- Rent below cost or selling prices below cost is not sustainable as bankruptcy is the consequence

Infrastructure can be set up with international help

- Housing Financing has to be national
- Special tax for everybody could be introduced as a part of the payroll tax. e.g. 15,- Eur per month to be paid by every payroll taxpayer on a monthly base
- Promoting savings schemes to build up equity and mobilize deposits for housing loans

Necessary legislative framework conditions



Business activities of NPO specifically for rental apartments and apartments in private ownership

FINANCING	CONSTRUCTION OF NEW APARTMENTS	MANAGEMENT AND MAINTENANCE
<ul style="list-style-type: none"> • ACCOUNTING • COST ACCOUNTING • PROJECT CALCULATION • PROJECT CONTROLLING • PLANNING OF RENTAL AND OWNERSHIP HOUSING PROJECTS • SETTLEMENT OF ACCOUNTS OF CONSTRUCTION COST • ACCOUNTING FOR OPERATING COSTS • SETTLEMENT OF ACCOUNTS FOR OPERATING COSTS • SETTLEMENT OF ACCOUNTS OF HEATING COSTS • BOOKKEEPING FOR RENTAL APARTMENTS • BOOKKEEPING FOR OWNERSHIP APARTMENTS 	<ul style="list-style-type: none"> • CONSTRUCTION PREPARATION PLAN • ARCHITECTURAL AND DESIGN WORK (SERVICES OF DESIGNING OFFICE) • CONSTRUCTION SUPERVISION 	<ul style="list-style-type: none"> • HOUSING MAINTENANCE • REPAIR AND RENOVATION