

## Case Study // Round Table SDG 11: Financing the transition to sustainable cities and communities: challenges and opportunities

### Rental Housing Finance Support for Seniors

#### Czech Republic

*Level: national and local*

#### Summary

Improving the accessibility of housing for groups threatened with social and spatial exclusion must be addressed through the support not only on demand side (individual social benefits), but also on supply side of the housing market (social housing construction stimulation). The groups of households/persons threatened with social and spatial exclusion include senior citizens and families. The needs of persons who have problems with access to housing because of their age are also reflected in special demands on the construction and technical parameters of apartments. In view of these persons' limited sources of income, their ability to secure and maintain housing under standard conditions may be restricted. With the aim to increase the accessibility and affordability of housing for seniors, the Czech Government implements several subsidy programmes financed from the state budget and from the budget of the Stet Housing Development Fund, aimed at affordable rental housing in particular.

#### Situation

Although in terms of its size the Czech housing fund corresponds to the European average, it is rather obsolete and suffers from underinvestment. Together with the rising share of senior citizens in the Czech society, the need for flats modified to provide safe space for persons who are less independent is growing. This involves the removal of basic construction-related technical barriers. Expenditure on housing represents the greatest burden for low-income households, with single-parent households (typically single mothers) and other households made up of individuals (in particular senior citizens) threatened in particular. The greatest difficulty is experienced by households in large cities with higher rent levels. There are households with special needs in terms of housing resulting from their age (senior citizens) or state of health. These are in particular an urgent need for safety and the absence of threats that take on new importance in old age and can be thought of as one of the most important needs. At the same time fear of the potential loss of privacy and control over their own lives is emphasised. The basic ways in which the housing policy can help socially weaker groups of citizens, namely seniors, when addressing the question of housing are:

- Reducing the price of their housing (i.e. support for the construction of rental apartments, where the rent amount is, thanks to public support, under the market rate);
- Reducing the costs connected with housing in particular through improving the energy performance of buildings;
- Social transfers leading to increasing household income (social benefits for housing), which entails ensuring a balanced combination of their motivational and stabilisation functions. The goal is to enable households, under stipulated conditions, to use a flat that they could not normally afford with their income level (senior citizens or the handicapped), without this impacting the motivation to appropriately adapt their housing to their income levels.

### Strategy

National housing policy in the Czech Republic is represented by the “Housing Concept of the Czech Republic up to 2020” approved by the Czech Government. The basic visions and strategic goals of this strategy are accessibility, stability and quality of housing, specified in the strategic goals:

- Ensuring adequate affordability in all forms of housing.
- Creating stable conditions in the spheres of finance, legislation and institutions for all participants in the housing market.
- Reducing the housing investment debt, including improvement of quality of the exterior environment in residential areas.



In every society, there are people who do not have the means to live on their own for various reasons. It is the obligation of the public sector to help them on the principle of solidarity, thus creating a stable environment within communities and society as a whole. Particular attention should be paid to people in vulnerable periods of life, such as senior citizens. At present, housing financial support is carried out by using resources from the state budget - through the Ministry of Regional Development, and from the State Housing Development Fund, whose financial sources are focused only on financial instruments - loans and guarantees, while direct subsidies (grants) are provided from the state budget. Several programmes are aimed at support for the removal of barriers in residential buildings (construction of elevators) and at new social rental housing construction for socially defined target groups. Programme “Home Care Flats” is aimed at construction of new rental affordable flats for older and disabled people, where additional social services are provided; “Community Seniors Homes” is aimed at creating housing units for seniors, disabled and socially disadvantaged groups having verifiably low incomes at the principle of neighbourly assistance. All these rental flats must be “adjustable” – i.e. they have to meet requirements for barrier-free accommodation, and all have regulated rents. There is also “general” support programme “Rental Housing Creation” for new housing rental construction – or renewal - in the form of low-interest loans available for public and private investors; with special attention to seniors and other vulnerable target groups. Programme “Barrier-free Residential Houses” is aimed at improving the existing housing stock by removing the barriers at the entrances, or building lifts equipped with adequate technical requirements for barrier-free use.

### Results and impact

The purpose of the support of construction of social rental housing is to help people with difficult access to housing as a consequence of special needs based on their age, state of health or social circumstance in their lives. The programme has following grant titles: home care flats for people with special needs concerning housing due to health issues or advanced age, dwellings for people with no access to housing despite all existing tools of social and housing policy, while being able to live individually mainly in terms of fulfilling duties following from a rental relationship, and community senior homes for persons over 60 years to preserve and increase their self-sufficiency and independence, while allowing the community way of life on the principle of neighbourly assistance, with an emphasis on interpersonal relationships and maintaining personal independence of each individual.

### Challenges and lessons learned

The main challenges consist in demographic changes comprising lower numbers of young families together with higher numbers of older-generation households. The aging of the population is an undisputable fact, while accessible housing is one of the basic interests of every individual; but the ability of the individual to secure his own housing through his own efforts falls as he gets older. Therefore, since 2000, with the assistance of budgetary aid from the Ministry of Regional Development and from the State Housing Development Fund, about 30,000 social rental dwellings have been built for social housing needs of selected diverse groups of socially disadvantaged or vulnerable citizens, seniors in particular. Up to the year 2010 these subsidies were available only to municipalities; since 2011 the state support has been extended also to other subjects, including private ones - legal entities, natural persons as entrepreneurs and non-profit organizations. According to the legal framework for the European Union Member States, this support has to fulfil the “state aid” limits; therefore, the highest possible amount is 500,00 EUR during the period of three years to one beneficiary (so called “de minimis” level). Such a limit is a barrier for larger investments in big Czech cities, as all the “de minimis” subsidies from all public providers cumulate.

### Potential for replication

The system of state subsidy programmes is available for cities, NGOs, as well as private investors; it is therefore replicable for any public body – like regions or other countries.

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