

*Changes in the maintenance and repairs
of housing in Slovakia during 1990 -
2013*

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Positive changes significantly affecting rehabilitation of housing stock in Slovakia

- ❑ Rules on privatization of housing stock and rules on apartment houses administration are covered by a single law (after privatization of apartment houses new administrators – condominiums or administration companies started to take care of the houses based on the rules set forth by law or agreed in a contract)
- ❑ Mandatory Fund creation – its amount is not regulated by the state but by the owners depending on their interest in reconstruction of the house and financial needs and possibilities of the owners
- ❑ Mandatory lien that seems to be a nightmare in some countries, it has been used as a warning and prevention measure in Slovakia since it has been applied very seldom (0,7 - 1% estimate); it helps to recover receivables in a more effective way than court proceedings
- ❑ Financial measures supported by the state (subsidies, loans, guarantee program)

Results of maintenance and repair during 1990 to 2013

- Share of rehabilitated housing stock, including savings and efficient energy measures, estimates to approx. 40 to 45% (actual start after 1996)
- These results have been achieved due to the transformation of the overall housing environment after 1990
 - Indebtedness related to the housing stock rehabilitation represented two state budgets in 1991 in spite of high subsidies to the former administration enterprises (one of the reasons for the housing stock privatization)

Housing sector reform

- Principles of housing reform defined in governmental decree of 1991
 - **Setting the citizen's responsibility for his/her living**
 - **Social assistance to socially disadvantaged**
- Preparing and application of new fiscal instruments
 - Building savings system – 1992
 - Mortgage system - 1994, actual start in 1996
 - State Fund for Development of Housing - 1996
 - Guarantee program - 2000
- Adjustment of aid to socially disadvantaged - 2 forms
 - Direct subsidies for construction of social housing – 2000
 - System of social subsidy to households – housing allowance 2000

State housing policy – since 1994

- Housing expansion legislation framework
 - determination of powers (state, counties, municipalities, citizens)
 - legal relations regarding apartment ownership and rent
 - financial instruments supporting housing
 - options for debt collection
 - social protection
 - energy saving
 - technical standards

Legal conditions for the renewal of housing fund

- Apartment ownership Act No 182/1993 Coll.
 - House administration duty
 - Home-owners association (HOA - corporate body)
 - administrator (natural person or legal entity)
 - Activities of administration
 - To insure operation, maintenance, renewal and services
 - Discretions and duties of an owner
 - The right to own an apartment and share of common parts and common house facilities
 - The duty to financially contribute to the operation, maintenance and renewal fund
 - Right of lien for the apartments (by law) – registered in Cadastre

A need for housing fund renewal

- Leverage on quality of living
 - Construction of new buildings,
 - The condition of the existing housing fund
- Deficiencies in apartment houses as a consequence
 - Overrun of lifetime and wear of frames and wiring cables
 - Decreasing derived value,
 - Increasing operation costs
 - Technical failure likelihood
 - Negative influence on the health and on the safety of users of buildings

Changes in maintenance companies

- In 1992 state revoked the district management companies, which were highly subsidized
- management has become an object of open market
- management activities are licensed under the Trade Act, it is not bound activity
- municipalities had to decide whether to set up their own contributory companies or to open space for the private sector (in Bratislava established 42 private management companies during one year)
- competition helps to increase the quality of the management
- management is carried out under contract with the owners (basic obligations is defined by law, the rest governs the contract)

Basic obligations of house administration

- HOA or administrator provide procurement of goods and services for owners of apartments and non-residential spaces space in the house
 - operate, maintain, repair and maintenance of the common parts of the house, common facilities of the house, adjacent land and accessories
 - utilities for apartment or non-residential spaces under the contracts with suppliers (water, electricity, heat ...)
 - keeping the house finances in a bank account,
 - recover damages and arrears to the fund operation
 - other activities directly related to the use of the house as a whole, individual owners of apartments and non-residential spaces in the house

Acquisition financial funds for repairs and EE

- Owners own resources collected in the House Repair Fund – mandatory monthly payment
- Loans acquired on the banking market
- State Fund for Housing Development

Financial amount of public funds for the support of housing development as a share of *GDP* since the 2nd half of the nineties has constantly been decreasing – the ratio ranged between 0.72-1.56 % GDP

Financial instruments supporting housing

- Construction savings system
 - Act No 124/1992 as amended– participation of public funds in form of bonus
- Mortgages
 - Act No 21/1992 on Banks and Act No 530/1990 on Bonds
 - Actual start in 1997 - in the present time 9 banks
 - Public support by means of interest rate allowance (differentiation according to the interest rate value)
- State Development Housing Fund
 - Act No 124/1996 Coll. Of Laws was replaced by Act No 607/2003 Coll. Of Laws and amended by Act No 536/2004 Coll. Of Laws
 - Form of support – a loan or non-refundable grant
 - Support focus for following inter alia
 - Rehabilitation of residential buildings - maturity of the loan - 20 years - annual interest rate of 1% - loan amounting to 80% of the purchase price, min. 30 - max. 420 EUR/m² of floor space
 - Thermal insulation of residential buildings (Government program of insulation) - maturity of the loan to 15 years - annual interest rate of 0% - loan amounting to 100% of eligible construction costs, max. 50 EUR/m² insulated surface at the family house and max. 80 EURO/m² insulated areas in apartment building
- Housing tax-relief not applicable in our region

Securing of lending program

- Guarantee program
 - Offering of guaranty program as a way for supporting the housing development through the banking and SFHD loan systems
 - State budget law for a corresponding budget year
 - Bank guarantee with a direct securing depending on the amount of granted loan, not more than for 20 years

Options for debt collection

- Execution
 - the whole process of execution is administered by *Act No 233/1995 Coll., amended by Act No 84/2009 Coll.* and execution regulations
- Voluntary public sales
 - *Act No 527/2002 Coll., amendment No 568/2007 Coll.,*
 - the public sale submitter is a person, who is entitled to proceed with the public sale in accordance with a specific regulation (for instance in accordance with residential and non residential property law or law regarding bankruptcy and rescheduling – approval of the majority quorum at the general meeting of owners is required)

Energy saving

- State energy concept
 - Ambitious aim of the EU member states to reach 20% share of renewable energy sources vis-à-vis the total energy consumption until 2020
 - Gradual liberalization of energy market
 - Securing of users rights protection
 - regulation network industries – Act No 276/2001 Coll. of Laws
 - 90 % of primary electricity and heat production is ensured by purchasing of sources outside the internal EU market territory
- Energy efficient buildings – Act No 555/2005 Coll.
 - Energy conservation of at least 20%, average 40 -50%

Thank you for your attention!

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