Housing Policy in Slovakia

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Abstract. The need for housing is the basic physiological need of a person. The level of satisfaction of housing needs corresponds to the degree of socio-economic development of the given society. The basic criteria are the quality of housing, the availability of housing, the type of ownership, the possibility of purchasing own housing, the financial support and the financial possibilities of the individual / household. A suitable market environment created by the state is also a prerequisite for satisfying the need for housing. The mission of the state is to create an appropriate market environment that combines economic, social and environmental factors. This is the concept of sustainable housing. The analysis focuses on Slovakia and deals in more detail with responsibility and the position of self-government/municipalities in the context of Slovak housing policy. The paper was elaborated on the basis of a study of related legislation, in particular the Act on the State Fund for Housing Development and the Concept of State Housing Policy - the State Document for the Housing Area. Methodology contains of identification of research assumptions, as well as methods and sources used in the paper. Results part consists of the main findings and is prepared by using a comparative and causal analysis. Statistical data was used to analyse the current state of housing in Slovakia. Prospects housing development in Slovakia are developed by the resulting trends and processing the statistics and are presented at the end of paper.

1. Introduction
The Slovak Constitution (Constitutional Act no. 460/1992 Coll. Constitution of the Slovak Republic) has not contained the rule which could guaranteed the right to housing, only provisions guaranteeing protection of privacy and protection of home (article 16, 20, 21) [1]. The need for housing is the basic physiological need of a person. The level of satisfaction of housing needs corresponds to the degree of socio-economic development of the given society. The basic criteria are the quality of housing, the availability of housing, the type of ownership, the possibility of purchasing own housing, the financial support and the financial possibilities of the individual / household. A suitable market environment created by the state is also a prerequisite for satisfying the need for housing. The mission of the state is to create an appropriate market environment that combines economic, social and environmental factors. This is the concept of sustainable housing. Well prepared and effective implemented State Housing Policy could been a good way how to ensure the sustainable housing in State.
2. Research objective
The main objective of state housing policy has been to gradually increase the overall level of housing so that it is accessible to the population and that every household could provide adequate housing. The quality of living, the availability of housing, the ownership of an apartment or a house, the way of acquiring a property have been the basic indicators of the standard of living of the population of the state and the society, in general. Responsibility for the acquisition (purchase) of housing has transferred to the citizen, in the case of a market economy. The quality and affordability of housing have been thus directly proportional to the individual's economic possibilities. However, through adequate housing policy, the state could create and support an environment in which housing availability has been supported for the widest possible population. Responsibility of the state and its role have been in the preparation and observance of legislative conditions for actors involved in housing policy. The state should direct its activities to support economic growth, employment growth, housing availability, housing quality, etc. State support instruments are direct support (State Housing Development Fund) and indirect state support (state contribution). The primary purpose of state is to achieve sustainable housing policy. Sustainable housing policy could been achieved by mixing social and economic-oriented activities to achieve the increasingly potential for realization of the planned economy. In order to do so, a well-structured system and supporting environment in the society must been achieved. The research objective of this paper has been to conducts analysis of the following elements of housing policy: the context of housing policy in Slovakia and to analyse the selected indicators that could have the real impact on development of housing policy in Slovakia. The goal has been to analyse the current situation, as well as the needs, challenges and opportunities. Such analysis, covering the strengths and weaknesses of various areas relevant to the housing policy has represented a core concept for further activities and actions. Paper could serve as a guide for the next steps of our research through clear findings, conclusion and recommendations.

3. Methods and Methodology
The research has processed by using a wide scale of the scientific methods and procedures. First part has focused on the analysis of actual housing policy in Slovakia. This section was prepared by using the analytical methods – casual analysis and synthesis. Scientific publications, scientific articles, papers by various authors have been analysed for preparing the theoretical background of paper (e.g. Smoleň, and Dudic [2]; Kajanová [3]; Maier [4], Šlahor, Komorník, Gabrišková, Viceník [5] or Simanová and Stasiak-Betlejewska [6], Šlahor, Barteková and Gasperová [7], Špirková [8]). Results part has consisted of the main findings according to statistical data obtained from the Statistical Office of the Slovak republic [9] and Eurostat [10]. Paper has been prepared by using a comparative historical and descriptive analysis as well as empirical case study of situation in Slovakia. Based on the findings, recommendations for future research have provided in conclusion of paper.

The analysis of selected indicators (average property prices in Euro per m², average gross monthly salary in Euro, Tenure status) was done at the NUTS3 regional level due the regional differences. Act No. 539/2008 Coll. on support for regional development, as amended. [11] §2 par. 1 states: “a region is a territorial unit defined according to the classification of statistical territorial units.” Slovak legislation has referred to the Decree of the Statistical Office of the Slovak Republic No. 438/2004 Coll., as amended. [12] The Decree issued a classification of statistical territorial units dated July 19, 2004. The Decree has regulated the classification of statistical territorial units for the needs of regional statistics, particularly in view of the need to identify comparable regional statistical data within the European Statistical System. Classification has divided territory into 3 regional levels (NUTS 1 as a whole country, NUTS 2 as a region, NUTS 3 as a self-governing region) and 2 local levels (LAU 1 as district, LAU 2 as municipality / city), in case of the Slovak Republic. The areas of the NUTS 2 regional level have covered following NUTS 3 regions:

- the Bratislava Region (the area has defined by the territory of the Bratislava Self-Governing region (BA)),

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• West Slovakia (the area has defined by the territory of the Trnava Self-Governing region (TT), Nitra Self-Governing region and (NR), Trenčín Self-Governing region (TN)),
• Central Slovakia (the area has defined by the territory of Žilina Self-Governing region (ZA) and Banská Bystrica Self-Governing region (BB))
• East Slovakia (the area has defined by the territory of Prešov Self-Governing region (PO) and Košice Self-Governing region (KE)). [4]

4. Theoretical Background
The main objective of the state housing policy is to create a legislative framework to gradually improve the quality of housing and the overall level of housing of the population in the country. Within the sub-goals, it is important to ensure housing accessible to the widest possible population, i.e. that every household can provide adequate housing.” In this respect it is necessary to create a framework for involvement of all housing development process entities in resolving partial issues to create preconditions for the participation of all decision-making level and strengthening the partnership among the public, private and non-governmental sectors at both horizontal and vertical level while respecting sustainable development principles: energy and economic efficiency and social solidarity.” [13]

The Slovak Republic has been actively involved in the fulfillment of its commitments, tasks and implementation of programs resulting from its membership in many international organizations and groupings of states. The right to housing is a fundamental social right. The right to housing is a right based on the co-responsibility of society towards the citizen. The Slovak Republic is a member state of many international groupings of states, it is necessary to mention the European Union, OECD, United Nations (UN), but also cooperation with the Visegrad countries, in connection with housing policy.

In the area of sustainable development of settlements and housing several documents were adopted at the UN level, e.g. Global Housing Strategy UN-HABITAT (1988), Istanbul Habitat Agenda (1996), ECE Strategy for Sustainable Quality of Life of Human Settlements in the 21st Century (2000), the final document of the UN Conference on Sustainable Development Rio+20 “The Future We Want” from 2012, the Strategy pre Sustainable Housing and Land Management in the ECE Region for the years 2014-2020, the Geneva UN Charter on Sustainable Housing. The issue of housing, ensuring adequate housing for residents, creating suitable conditions for housing is a global problem. In the context of increasing pressure for sustainable development, sustainability has also been transposed into housing policy documents and strategies. Housing policy has expanded the concept of sustainable housing. „The Sustainable Housing Concept enables countries to exercise wide range of possibilities how to support the economic development, protection of environment, quality of life and social equality. Moreover, it mitigates problems related to the growth of population, urbanisation, existence of slums and ghettos, poverty, climatic change, lack of access to sustainable energy sources, energy security and economic uncertainty. This can only be achieved by the application of an integrated approach comprising environmental, economic and social dimensions.” [13] The analysis of housing policy within the European Union has certainly justified, in the context of regional development. The principle of subsidiarity is preserved for housing policy within the European Union institutions. This does not mean that the European Union does not deal with housing policy, only the policy is not one of the common policies of the Member States. The Ministers of the Member States who have responsibility in the area of housing will meet at informal meetings, which addresses the problem of housing policy and policies related to housing policy (social housing, public procurement, energy policy, environmental issues, etc.). Housing policy is also closely linked to regional development and thus to regional policy, as housing is closely linked to quality of life, the use of new energy sources, and so on. [13] The 2017 edition of the "State of Housing in the EU" [14] provides proof that Europe’s housing policy have to be directed on common activities, common analysis and more important for common coordination. "State of Housing in the EU” have summarized:
• “Housing has become the highest expenditure for Europeans and overburden rate remains stable at high level, hitting disproportionally harder the poor.
• House prices are growing faster than income in most Member States, while inequality and housing exclusion are mutually reinforcing.
• Territorial divide is alarming, as finding adequate and affordable housing in places where job opportunities are, is increasingly hard.
• As the level of housing construction is still low, especially major cities face a structural housing shortage reinforced by recent waves of migration.
• Political response to Europe’s housing challenge remains poor, a fact reflected in increasing levels of homelessness. Only cities, that are at the forefront of the housing crisis, are showing a more prominent role in finding solutions.” [14]

Regarding the actual housing policy in Slovakia, historical analysis of the development of housing policy in Slovakia showed a smooth and rational development of the past 20 years. The concept of state housing policy has been adopted at five-year intervals since 1995 in Slovakia. Economic and legislative tools to support and develop housing have been adapted to new needs in each concept. The concept of state housing policy until 2015 was focused mainly on the gradual increase in the overall availability of housing. The main objective was to improve the technical condition of the existing housing stock, which made it a partial goal to prolong the service life and reduce the energy intensity of the current housing stock. The past concept included 16 tasks for the Ministers of Finance, Justice, Economy, Labor, Social Affairs and Family, and Construction and Regional Development. The past concept of State housing policy focused on addressing issues related to:
• relations between private owners and tenants of dwellings with regulated rent (regulated rental prices),
• support for the public rental sector (direct subsidies from the state budget, favorable loans through the State Housing Development Fund),
• increasing support for individual participants' activities and motivation for renewal of residential buildings and living environment (subsidies for the removal of systemic failures of residential buildings, the State Housing Development Fund). [13]

The current State Housing Policy Concept for 2020 has been a document in which the state deals with housing development at the level of strategies and priorities. “It defines the responsibilities of the State, local self-government, private sector and citizens for provision of housing, describes the individual segments of the housing market and their key challenges, defines instruments for the support of housing development and determines specific tasks that will contribute to achieving the strategic objectives.” [13]) The definition of responsibility for housing development has been an important part of the actual document. Responsibility for housing development has been divided between the citizen, the state, the self-government and the private sector. Division of responsibility could be defined:
• citizen - bearer of primary responsibility for ensuring their own housing,
• the state - ensuring economic and legislative conditions for other actors in the housing development policy. By acting and operating all other economic policies, the state has have an impact on economic growth, employment growth, real income growth for households, thereby indirectly affecting citizens' ability to secure quality housing at an affordable time.
• self-government - in this case it is necessary to analyse higher territorial units and municipalities. Higher territorial units play an important role in regional development planning, where territorial development is one of the important areas. Spatial planning falls within the sphere of activity of higher territorial units, but also of local governments. In terms of spatial planning, issues relating to environmental, economic and social challenges in a given location need to be addressed.
• private sector - an important role in activities aimed at ensuring housing development and renewal of housing stock (technical infrastructure).

The concept of housing policy has been adopted in Slovakia for a long time. Housing policy has its foundation. The question remains how the housing market evolved, but also the economic and social indicators that have pointed to the state of housing policy in Slovakia.

5. Results and Discussion

Based on Eurostat statistics, in 2016 [14], more than 4 out of every 10 persons (41.8 %) in the EU-28 lived in flats, close to one quarter (23.9 %) in semi-detached houses and just over one third (33.6 %) in detached houses. The situation in Slovakia was an incomparable situation to the EU-28. In 2016, more than 50% of people used to live in flats, less than 5% in semi-detached houses, and other in detached houses (less than 45%). The statistics for people lived in flats has been comparable to the situation in Czech Republic, Italy or Malta. The situation with semi-detached houses has been comparable to the situation in Romania. The statistics for people lived in detached houses has been comparable to the statistics for Cyprus, Austria, and Finland.

![Figure 1. Distribution of population by dwelling type, 2016](image)

Ownership of a flat / house burdened with a mortgage (or not) has been an important element determining the effectiveness of applied housing policy. Figure 2 shows the distribution of population by tenure status in European Union in 2016. Around 40% of population in European Union have been owner occupied (no outstanding mortgage or housing loan), 25% owner occupied (with mortgage or loan). The situation in Slovakia was not comparable to the average of EU-28. More than 75% of population have been owner occupied (no outstanding mortgage or housing loan), more than 13% have been owner occupied (with mortgage or loan) and the rest has represented the tenant.
Due to Eurostat statistics, personal ownership of flats and houses has prevailed in Slovakia. In connection with ownership it is interesting to analyze the development of property prices per m² in Slovakia during 2003-2017. In the mentioned period it is possible to capture several critical points - the
entry of Slovakia into the European Union (2004), the global economic crisis (2008), the introduction of the Euro (2009). Differences between individual regions in Slovakia have been large. The highest prices for the whole period have been observed in the Bratislava self-governing region, while the lowest have been in the Nitra self-governing region.

![Average gross monthly salary in EUR in Slovakia 2003-2017](image)

Figure 4. Average gross monthly salary in EUR in Slovakia 2003-2017 [9]

If indicator - ownership of a flat / house were monitored, and whether the owners have a mortgage or loan, it has been essential to analyse the development of average property prices in EUR per m2 in Slovakia. On the basis of statistics, it could be stated that in each region of Slovakia, prices have risen during the period. If prices have risen, income could be another important indicator. Statistical data for the period 2003-2017 in Slovakia and for individual higher territorial units were collected again. Average gross monthly salary in EUR has increased in all regions in Slovakia during the period 2003-2017. But important differences between regions have been observed. The average gross monthly salary in Bratislava self-governing region was been double during 14 years, the average gross monthly salary in Prešov self-governing region, Nitra self-governing region and Banská-Bystrica self-governing region have been still lower than 1000 Eur in 2017. By comparing salary and price statistics, it could be stated that it has not been easy to acquire personal ownership of a flat / house.

6. Conclusions

Analysis of housing policy in Slovakia has been a complex study. The existence of many indicators that directly or indirectly have pointed to the effectiveness of policies could be indisputable. Many authors, scientists and experts have constantly analysed the issue of housing policy in Slovakia. Špirková analysed housing policy based on credits for housing, taxation policy, housing prices in Slovakia, as well as public rental housing. All monitored areas fall within the scope of the concept of state housing policy. The conclusions that the author made in her work point to the implemented housing policy in Slovakia. Within our research on housing policy, it was important to follow the selected indirect indicator that identifies housing policy in Slovakia. A further analysis of the research will deal with the analysis of the development of the real estate market and therefore it will be important to analyse the development of the statistics on housing loans, but also the housing prices. An important step in the analysis of effectively implemented housing policy in Slovakia will also be the analysis of household...
The conclusions of the analysed conception of state housing policy and selected economic-social indicators point to an important objective of housing policy - to maintain the existing system of economic instruments, but to use new tools to stimulate housing development and increase access to housing. Social housing is one of the solutions, especially depending on the comparison of wage growth and average prices. The social housing sector focuses on people with lower incomes, where there is also the advantage of regulated rent.

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