Habitat for Humanity® Bulgaria

Housing in Bulgaria

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Housing in Bulgaria

Owner Driven

86.1% of the housing stock is privately owned

Contradictory

High vacancy rate, surplus and overcrowding

Unregulated

Absence of housing policies, limited reach of national initiatives

Unaffordable

Price growth in Sofia (2015-2020) among the highest – 94%

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HABITAT
United Nations Conference
on Housing and Sustainable Urban Development

Urban Agenda for The European Union. Priorities:

- air quality
- circular economy
- climate adaptation
- culture and cultural heritage
- digital transition
- energy transition
- housing
- inclusion of migrants and refugees
- innovative and responsible public procurement
- jobs and skills in the local economy
- sustainable use of land and nature-based solutions
- urban mobility
- urban poverty
- security in public spaces

The Pact of Amsterdam

HABITAT III
QUITO - OCTOBER 2016

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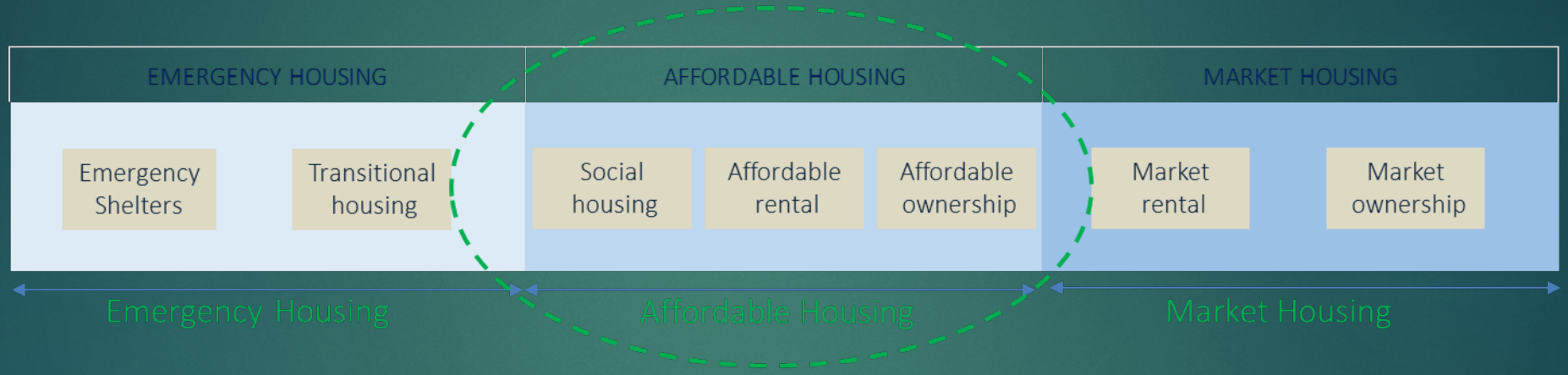
The Pact of Amsterdam

Urban Agenda for The EU

Partnership "Housing"



FOCUS:

Geographical – Cities

Specific – Affordability, incl. rental and homeownership

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Municipal Housing

Total Number Available	Total Number Accommodated	Total Number Waiting
32,225	82,240	10,085

The Bulgarian municipalities have NO legal obligation to provide accommodation, build and maintain municipal housing stock since 2001.

Only 25 municipalities have built and are building new municipal homes on funding from the regional development programmes 2007-2013 & 2014-2020.

899 new municipal homes built in 16 municipalities – 1/3 VACANT.
9 municipalities – building.

DIVEST	40%
MAINTAIN	49%
SUPPORT	93%

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Municipal Property Act

Art. 42. (amend. SG 101/04) (1) According to their designation the municipal abodes shall be:
1. for accommodation for rent citizens with established residential needs;
2. for sale, exchange and indemnification of former owners, which properties have been alienated for municipal needs;
3. departmental;
4. reserve.
(2) The abodes of para 1 shall be determined by the municipal council upon proposal by the mayor of the municipality and they can be changed according to the needs of the municipality.

Art. 45a. (new –SG 101/04) (1) The conditions and the order for establishing of residential needs and for accommodating for rent in the abodes of Art. 43 and 45 shall be determined with an ordinance by the municipal council.

The Bulgarian municipalities provide affordable accommodation AT THEIR GOOD WILL

and receive 0 FINANCIAL SUPPORT for providing a social service on behalf of the state.

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European Commission

Services of General Interest

Definition of services of general interest
Services of general interest are services that public authorities of the EU member countries classify as being of general interest and, therefore, subject to specific public service obligations. They can be provided either by the state or by the private sector.
Examples of services of general interest include: public transport, postal services, and healthcare.

Categories
There are three categories of services of general interest: economic, non-economic and social.

Services of general economic interest, which are basic services that are carried out in return for payment, such as postal services. These services are subject to European internal market and competition rules. However, there may be derogations to these rules if necessary to protect citizens' access to basic services.
Non-economic services, such as the police, justice and statutory social security schemes, are not subject to specific European legislation or to internal market and competition rules.

Social services of general interest are those that respond to the needs of vulnerable citizens, and are based on the principles of solidarity and equal access. They can be both of an economic or non-economic nature.
Examples include social security schemes, employment services and SOCIAL HOUSING.

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European Commission

Services of General Interest

COMMISSION DECISION

of 20 December 2011

on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest

(notified under document C(2011) 9380)

Accordingly, undertakings in charge of social services, including the provision of social housing for disadvantaged citizens or socially less advantaged groups, who due to solvency constraints are unable to obtain housing at market conditions, should also benefit from the exemption from notification provided for in this Decision, even if the amount of compensation they receive exceeds the general compensation threshold laid down in this Decision. The same should apply to hospitals providing medical care, including, where applicable, emergency services and ancillary services directly related to their main activities, in particular in the field of research. In order to benefit from the exemption from notification, social services should be clearly identified services, meeting social needs as regards health and long-term care, childcare, access to and reintegration into the labour market, social housing and the care and social inclusion of vulnerable groups.

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Municipal VS Social Housing

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Create legal framework

- Develop a legal definition of Social Housing with a broader scope
- Social housing for vulnerable people bind with mandatory long-term additional support services related to education healthcare, employment
- Provision of continuous counseling, accompanying and control

Define the provision of social housing as a service of general economic interest

Develop financial support instruments – related to market rent levels and/or fixed

Regulate the expenditure of accumulated revenue

Related to market rent levels	Fixed
Difference between the municipal and market rent Percentage of the market rent	BGN amount per square meter

Average municipal rent per m^2

€ 0,48

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Municipal VS Social Housing

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Funding availability will lead to an increase of the number of municipal housing units

A municipality may increase the number of owned/managed housing units by:

- refurbishing existing uninhabitable municipal homes;
- building new municipal homes;
- buying residential properties at the market;
- renting residential properties at the market.

New Construction	Purchase	Rent
▪ € 400-800 ▪ Investment process ▪ Technical infrastructure ▪ Healthcare, social, educational, transport, cultural, etc. infrastructure	Low prices due to lack of demand in many locations	▪ High share of uninhabited residential properties ▪ No rental market in many locations due to lack of demand

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Social Rental Agencies

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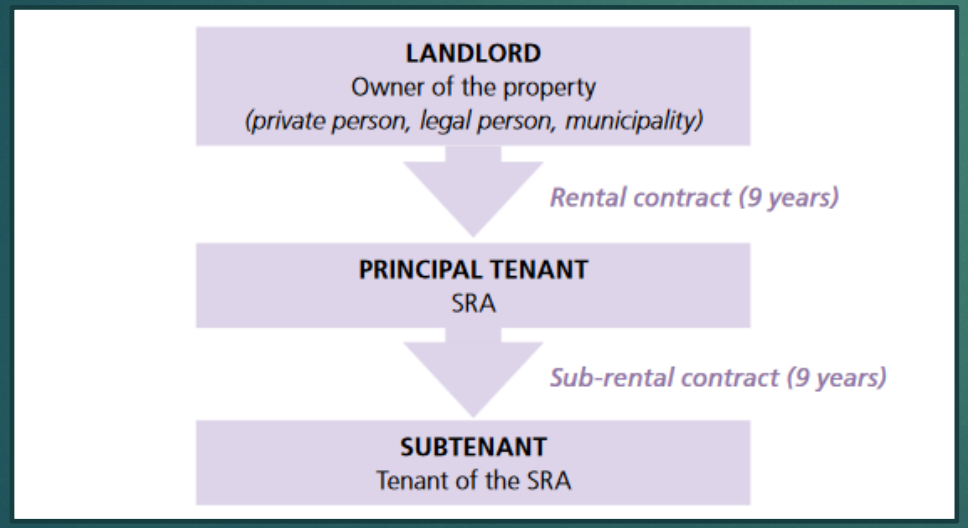
Massive vacancy rates

- Emigration
- Migration
- Negative birth to mortality ratio
- Absence of rental market
- Stewardship
- Fear
- Discrimination



Landlord

Requests:
Prompt payment of the rent
Maintenance of the house
Rational occupation
Judicial support
Administrative support

Offers:
Below market/"social" rent
Compliance with quality standards
Rental contract for a period of 9 years
No say in the profile of the subtenant

SRA

Offers:
Guaranteed monthly payment of the rent
Rental mediation
Handyman service
Legal occupation standard
Professional support

Requests:
Affordable housing
High-quality housing
Housing certainty
To be open to all candidate-tenants

SRA Tenant

Requests:
Appropriate accommodation
Affordable rent
Security of tenure
Support

Provides:
Participation in rental counselling
Maintenance of the house/being a good tenant
Prompt payment
Open communication

SRA

Offers:
High-quality housing
"Social"/affordable rent
Rental subsidy
9-year rental agreement
Rental counseling

Provides:
Professional rental counselor
Support including a "general chores" team, link to welfare services
Follow-up of the rent
Mediation in case of arrears
General assistance with enquiries etc

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Social Rental Agencies

INDICATOR OF HOUSING NEED	POINTS
Effective or threat of homelessness	
No housing or shelter	20
Staying in prison, institution, or homeless accommodation	17
Stay in refuge, emergency shelter, temporary accommodation, hotel	17
Loss of housing and living with friends or family	17
Legal eviction	11
Eviction notice to leave accommodation within less than 3 months	17
Eviction notice to leave accommodation within more than 3 months	14
Camping	
Living on a camp site	17
Housing quality or overcrowding	
Un-inhabitable, unsuitable or non-standard accommodation with order to leave accommodation	20
Un-inhabitable, unsuitable or non-standard accommodation without order to leave accommodation	14
Substandard accommodation	11
Officially declared overcrowded accommodation	20
Accommodation not adapted to the household composition, without order to leave accommodation	17
Accommodation not adapted to the household composition	14
Housing afforability	
Accommodation costs are more than 50% of net disposable income	14
Accommodation costs are more than 35% and less than 50% of net disposable income	11
Youth	
Living independently by leaving residential youth institutions	17

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Social Rental Agencies

	2003	2006	2009
Subsidized	24	32	44
Non-subsidized	10	14	7
Total	34	46	51

Fig 9 . Flanders: Number of dwellings rented out by SRAs

	2004	2006	2009
Subsidized	2385	2905	4600
Non-subsidized	407	638	313
Total	2792	3543	4913

Fig 10. Flanders: Origin of the SRA dwellings

	number	share
Private landlord	4,534	92
Owned by the SRA	89	2
Municipality/local social service	255	5
ocial housing company	27	0.5
Province	8	0.2
Total	4,913	100

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The town of Vidin

Number of municipal housing units	Municipal housing units for rent	Social municipal housing units
304	280	80

Municipal Rent (Zone 1) – BGN 1.24

Annual Revenue (384x65m^{2}x12x1.24) – BGN 371,404

Average market price – BGN 61,000
Average market rent – BGN 523

Subsidy – 65% of market rent	Fixed subsidy
BGN 339	BGN 2/m^2
BGN 1,562,112	BGN 599,040

New construction – 1,925 m^2 (29 units)
Purchase – 26 housing units
Rent – 248 housing units

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The town of Kyustendil

Number of municipal housing units	Municipal housing units for rent	Social municipal housing units
348	328	0

Municipal Rent (Zone 1) – BGN 1

Annual Revenue (328x65m^{2}x12x1.24) – BGN 255.840

Average market price – BGN 102,000
Average market rent – BGN 373

Subsidy – 65% of market rent	Fixed subsidy
BGN 242	BGN 2/m^2
BGN 952,512	BGN 599,040

New construction – 1,190 m^2 (18 units)
Purchase – 9 housing units
Rent – 212 housing units

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The town of Stara Zagora

Number of municipal housing units	Municipal housing units for rent	Social municipal housing units
566	529	0

Municipal Rent (Zone 1) – BGN 1.26

Annual Revenue (529x65m²x12x1.26) – BGN 519,901

Average market price – BGN 126,000
Average market rent – BGN 410

Subsidy – 65% of market rent	Fixed subsidy
BGN 266	BGN 2/m²
BGN 1,688,568	BGN 825,240

New construction – 2,110 m² (32 units)
Purchase – 13 housing units
Rent – 343 housing units

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THANK YOU!

www.hfh.bg

www.obshtinskidom.bg

www.buidsolidground.bg

office@hfh.bg

029832410