



Conference
Social Housing and Structural Funds
Conditio and Renovation Needs of the Housing Resources Existing
in Poland

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Zdzisław SŁABKOWICZ
Chairman of the Polish Chamber of Commerce of Low-Cost
Housing Societies

FINANSING SYSTEM
FOR THE RENOVATION OF THE EXISTING
HOUSING RESOURCES

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1. Proposal of a financing system for the renovation of the existing housing resources.

Financing of the renovation of the existing housing resources would consist of, for instance, separating from the Structural Funds (which part of Structural Funds would have to be decided) a SUBSIDIARY FUND for national state banks (in Poland such a Bank is the Bank Gospodarstwa Krajowego), which would be designated for subsidising the interest on loans for the renovation of the existing housing resources, granted by commercial banks. The subsidies from the SUBSIDIARY FUND would be limited by the difference between the market interest rate, used by a given commercial bank and the interest rate, to which beneficiaries would have a right, when taking loans for investment into the renovation of the existing housing resources. Such loans would have to be repaid over a period not exceeding 40 years.

For example, if a commercial bank would offer loans at an interest rate of 4%, it would receive a subsidy from a national state bank or financing institution (in Poland that would be the National Housing Fund) amounting to, for instance 2%. As result, the beneficiary would receive a loan at an interest rate of 2% (4% minus 2% = 2%).

Introducing a subsidy system in place of loans (as for instance the EBI granted to the Polish Bank Gospodarstwa Domowego) would result in a considerably lower engagement of EU funds than creating loans at preferential interest rates or subsidies for financing investments in a 100%.

This means that subsidies from the Subsidiary Fund would create much higher loans for housing construction as the financial resources of commercial banks would also be involved.

National commercial banks, supported by subsidies from such a system (as mentioned, distributed by national state banks) could offer loans at an interest rate of 2% or less, to economic units investing in the renovation of the existing housing resources.

The system of contracts signed between the mentioned national state banks or financial institutions (such as in Poland the National Housing Fund) would be controlled by adequate state agencies (to be decided which).

2. What should be included in an implementation program for the renovation of the existing housing resources in the countries of Central and Eastern Europe?

a) A determination of common rules, defining what is renovation of the existing housing resources, according to what legislative regulations should it operate and thus what changes are necessary in the law of the given country to harmonize it with that of the European Union:

- terminology,
- national law,
- building standards,
- public procurement legislation.

This means that, among much else, an international dictionary of related terms should be elaborated.

b) Presentation of the existing situation in each of the countries mentioned:

- presentation of the legislation ruling the programme for the renovation of the existing housing resources;
- presentation of the existing government and local programmes for the renovation of the existing housing resources;
- information on the existing overall tenement housing resources;
- information on the existing communal housing resources needing revitalisation;
- information on the housing requirements;
- information on local funds, which can be designated for the revitalisation of existing housing resources;
- information on the existing local funds and how are they used for the renovation of the existing housing resources;
- information on the existing non-government structures for which the renovation of the existing housing resources is as a statutory goal;
- information on the existing non-government structures, for which the support of tenants from housing resources requiring renovation is a statutory obligation;

- information on government and communal funds designated for the renovation of the existing housing resources;
 - information on government and communal funds designated for the support of tenants from housing resources requiring renovation.
- c) Presentation of the current situation in the European Union Member States (including CECODHAS members), *i.e.*:
- legislation ruling the programme for the renovation of the existing housing resources;
 - government and local programmes for the renovation of the existing housing resources;
 - information on the existing overall tenement housing resources;
 - information on the existing communal housing resources needing revitalisation;
 - information on the housing requirements;
 - information on local funds, which can be designated for the revitalisation of existing housing resources;
 - information on the existing local funds and how are they used for the renovation of the existing housing resources;
 - information on the existing non-government structures for which the renovation of the existing housing resources is as a statutory goal;
 - information on the existing non-government structures, for which the support of tenants from housing resources requiring renovation is a statutory obligation;
 - information on government and communal funds designated for the renovation of the existing housing resources;
 - information on government and communal funds designated for the support of tenants from housing resources requiring renovation.
- d) Projected changes in the implementation program for Structural Funds, which would render it possible to use such funds for:
- revitalization of the technical and social infrastructure accompanying housing;
 - activities necessary for an economic revitalisation of regions with specially high unemployment - to create possibilities for tenants of social housing to actively co-operate in their maintenance.

e) The role of national organisations and CECODHAS in:

- creating non-government implementation structures
- pressuring the European Union institutions to implement the plans elaborated.

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