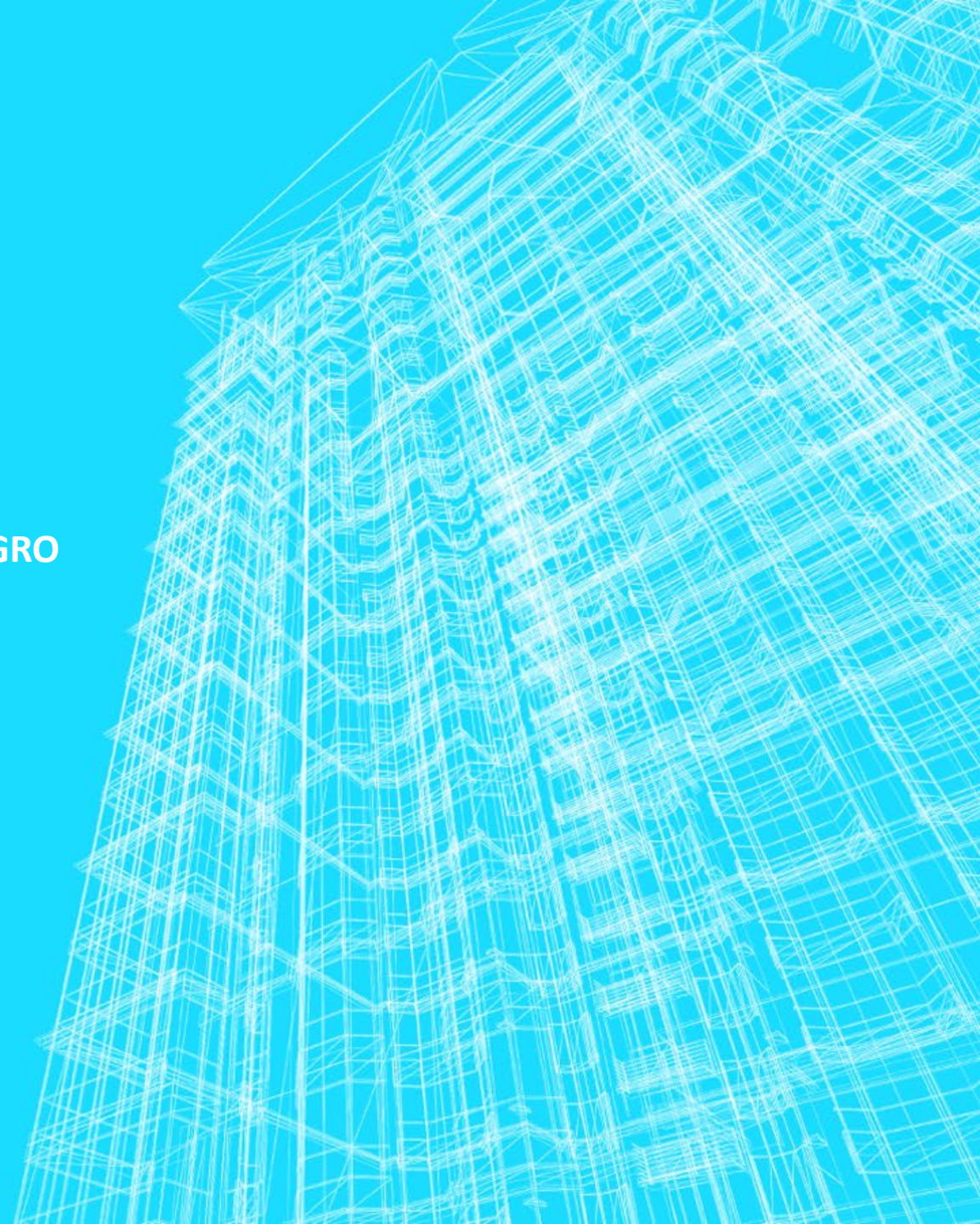




Montenegro
Ministry of Ecology,
Spatial Planning and Urbanism

HOUSING AFFORDABILITY CHALLENGES IN THE MONTENEGRO

Affordable Housing programme in Montenegro (MNE)





KEY HOUSING AFFORDABILITY CHALLENGES

- Although the right to housing in Montenegro is not defined by the Constitution, Montenegro, as a signatory to certain international agreements and conventions, has undertaken to approach this issue in accordance with its commitments, taking into account all the specifics caused by historical heritage and size of the social system.
- Lack of financial resources is one of the main challenges for establishing a sustainable social housing system.
- Housing policy is a complex problem that imposes the need for a multidisciplinary approach to defining priorities and measures in order to unify the instruments for achieving positive results in this area.
- Housing problems especially affect socially vulnerable, ie socially excluded groups, which are special target groups in the field of social housing. In order to adequately address the problems in this area, it is necessary to analyze the housing situation, subsidies and incentives that can be provided to such groups.
- Also, one of the "results" of the transition process is the issue of informal settlements, whose resolution will become a significant housing policy factor, which is an additional reason to formulate a comprehensive programme.



KEY HOUSING AFFORDABILITY CHALLENGES

In order to present the specifics of the Montenegrin system, these are data of the Montenegro Statistical Office - Number and structure of households, dwellings and families in Montenegro

Households - There are 192,242 households in Montenegro. An average household has 3.2 members. A household is considered to be any family or other community of persons who reside together and spend their income jointly for settling the basic living needs (housing, food, etc.).

Families - 167,177. The average number of family members is 3.2. The primary family is, in the strict sense, defined as a community of two or more persons living in the same household who represent marital or common-law-marriage partners with or without children, as well as one parent with children.

Dwelling usage basis - Of the total number of households, 78.2% (150,288) households are owners or co-owners of the dwelling they live in. A total of 9.6% (18,425) of households are tenant households or households renting the dwelling in which they live. A total of 5.7% (10,980) of households live with parents, children or other relatives.

HOUSING REGULATORY POLICY

- By adopting the **National Housing Strategy for the period 2011-2020**, the basic principles for defining the directions of further development of the housing sector in Montenegro were created. Also, a greater balance of all components of development (social, economic and environmental) and sustainable and efficient housing development is ensured through a better distribution of competencies and tasks of all actors in the housing sector.
- **Law on Social Housing (Official Gazette of Montenegro 35/13)** laid down that social housing is the housing of appropriate standard of living provided to individuals or households that, on account of social, economic and other reasons, can not address their housing needs.
- The statutory concept relies on the fact that the law defines the basic legal concepts of social housing, competences, specifies persons entitled to have their housing needs addressed in accordance with this law, funding sources, the widest range of opportunities for social housing development, that is, sets forth the legal framework by which many participants can be included into the social housing system, in order to enable the addressing of housing needs of all persons or households that can not address their housing needs. housing primarily falls within the competence of local authorities, which also arises from the very nature of housing that is related to a specific area and local community. In addition to that, the local community recognizes best the needs of the population, and thus housing issues faced by its citizens. Spatial planning and spatial development, ensuring the availability of housing stock, land, infrastructure and related services, as well as the allocation of dwellings in the social lease sector, and the distribution of housing subsidies fall within the competences of local governments.
- **A new strategic framework and Action Plan is being drafted, and amendments to the Law on Social Housing are planned, both by the end of 2021.**



1000+ HOUSING

MONTENEGRO BEST PRACTICE IN IMPROVING HOUSING AFFORDABILITY

The primary objective of "1000+" affordable housing Project in Montenegro (MNE) was/is to provide access to permanent housing to low and medium income eligible households through a subsidized housing mortgage scheme.

This social housing Project is primarily for the households could not address their housing needs in the market and in order to achieve social integration of low-income persons in general.

The Government of Montenegro by implementing the Project support citizens and family households with lower and middle income to provide lower interest rates on housing loans in relation to the market interest rate.

1000+ HOUSING

MONTENEGRO BEST PRACTICE IN IMPROVING HOUSING AFFORDABILITY

The product of the Programme was affordable housing mortgages for the eligible beneficiaries who purchased newly constructed apartments from the selected construction companies or any eligible apartment on the real estate market.

Government, through the CEB loan and MNE commercial banks co-finance the mortgages (50% both).

The implementation of the IV phase of the Project is in progress.

The previous stages of the project have been evaluated as transparent and successful by CEB.

PROJECT BACKGROUND

The 1000+ project is a continuity project: 1st phase was implemented 2010-2011, 2nd 2015-2017, 3rd phase 2018/2020, and the implementation of the 4th phase is in progress.





SITUATION

- MNE has relatively high housing needs for the low and middle-income population.
- According to the latest 2011 census, MNE has 644,000 inhabitants and 316,000 housing units. Over 20% of the registered housing units are holiday homes for domestic and non-resident population, and the residential housing stock has 250,000 housing units. The effective housing stock per 1,000 inhabitants indicator is 388 (for comparison, EU average is 430, SEE 388, Turkey 250, Sweden 730). Projected housing needs are estimated in the "2011 to 2020 National Housing Strategy"; considering the demographic trends, the projected shortage of housing in 2020 will be in excess of 25,000 units.
- On the other hand, there was almost no supply of affordable and social housing stock in MNE over the last two decades. In 1991, 77% of MNE (then part of ex-Yugoslavia) housing stock was privately owned, and 23% was in possession of the Occupancy Right Holders. The latter was privatised through "give away" privatization model widely practiced in the region. This, combined with the post-socialism slow emergence of social and affordable housing systems, conflicts in ex-Yugoslavia in 90's, and economic crises in 2009, severely inhibited the supply of affordable and social housing stock.
- As a response to the MNE housing needs, with the side objective to support the development of MNE affordable and social housing systems and thus social integration of low to medium income population, the CEB together with MNE stakeholders devised "1000 +" affordable housing programme.

STRATEGY

The Project strategy consisted of its development and implementation; the key deliverables/activities are highlighted below:

- **1. Development of the Project**
 - · Feasibility study and the Project concept
 - · National housing strategy and Social Housing Law
 - · Focus on low to medium income, young, and vulnerable population
 - · Approval of the CEB loan
- **2. Implementation:**
 - · Project manual
 - · Set-up of Project Implementation Unit
 - · Public calls and selection of ultimate beneficiaries, commercial banks, and apartments
 - · Support to the eligible beneficiaries through the housing mortgage application process
 - Approval of the housing mortgages and beneficiary taking over of the purchased apartments

OBJECTIVES

The main objective of the Project is to solve housing need for eligible households experiencing problems in solving this issue on the free market.

Through this Project, the Government tackles specific objectives:

- Increase the access of eligible households to permanent housing through a subsidized mortgage scheme with considerable social effects;
- Encouraging construction and bank sector in order to increase economic activity in the field of real estate transactions, with special attention to encouraging the construction of residential buildings in accordance with environmental protection criteria and environmental standards of construction;
- Contribution to making old and new buildings more energy efficient that helps the Montenegro achieves its energy and climate goals.



BENEFICIARIES AND ELIGIBILITY CRITERIA

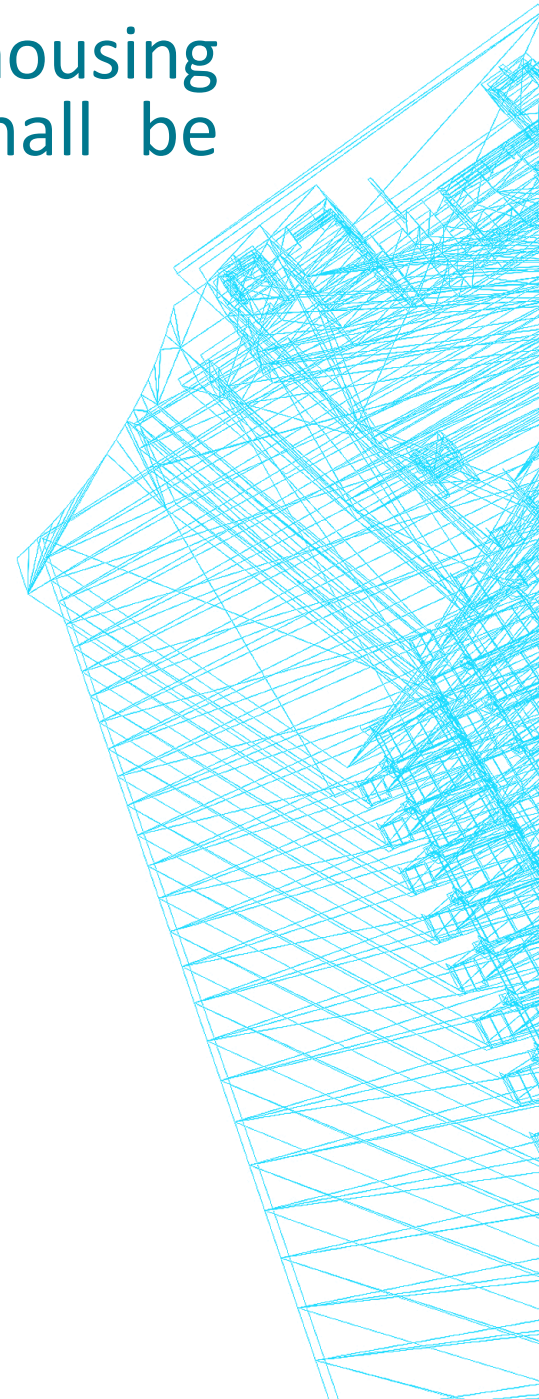
- Beneficiaries of this Project are low-to-moderate income households in Montenegro in need of housing, eligible under the selection criteria, in accordance with the Montenegrin Law on Social Housing and bylaw which define closer criteria.
- According to the Montenegrin Law on Social Housing eligible for the Project are households groups which cannot solve the housing issue on the market and some prioritized groups according this Law such as households with disabled persons.

Out of total number of applications for taking part in the Project approved, shall be awarded as follows:

- 40% to households whose members are employed in public administration (employed in state bodies, government authorities, judicial bodies, local authorities, local government bodies, independent bodies, regulatory authorities, public institutions, public companies and other legal entities with public powers, and activities of public interest or are state-owned);
- 30% to married couples where none of the spouses is over the age of 35 years;
- 30% to other family households.

The priority in the exercise of the right to purchase a housing unit under the Project, within the target groups shall be accorded, in particular, to:

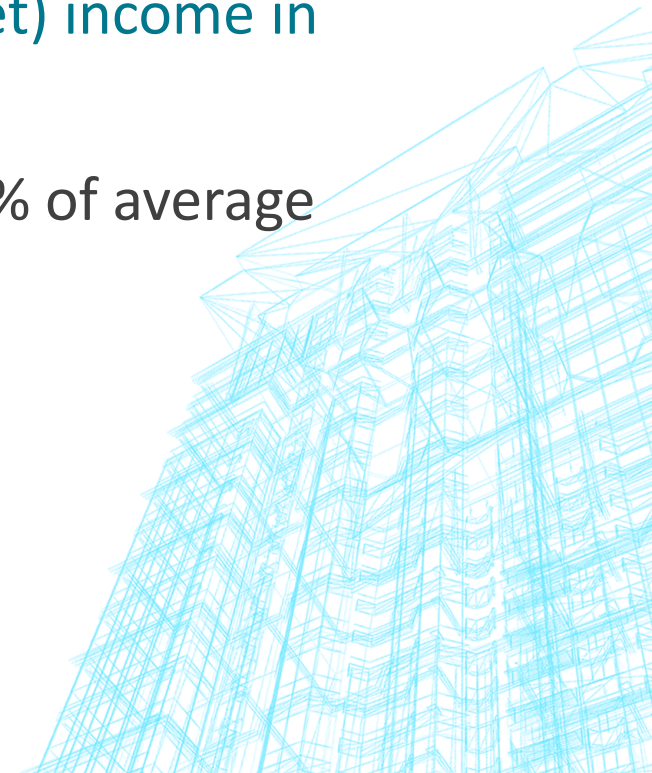
- single parents or guardians;
- persons with disabilities;
- family households whose member is a person with disabilities;
- family households with children with developmental disorders;
- young people who were children without parental care;
- employees in the public health sector (IV phase-ongoing)
- the victims of domestic violence.



PROJECT COMPONENTS/ACTIVITES

Taking into consideration the affordability and “bankability” of the eligible households, the following thresholds, depending on the households’ structure and expressed in terms of estimated average wages or disposable (net) income in 2016 shall apply:

- EUR 600 for the first adult member of the household (equal to 126% of average net wages in 2016 Monstat);
- EUR 420 for any other adult member of the household;
- EUR 300 for any underage member of the household.



RESULTS AND IMPACT

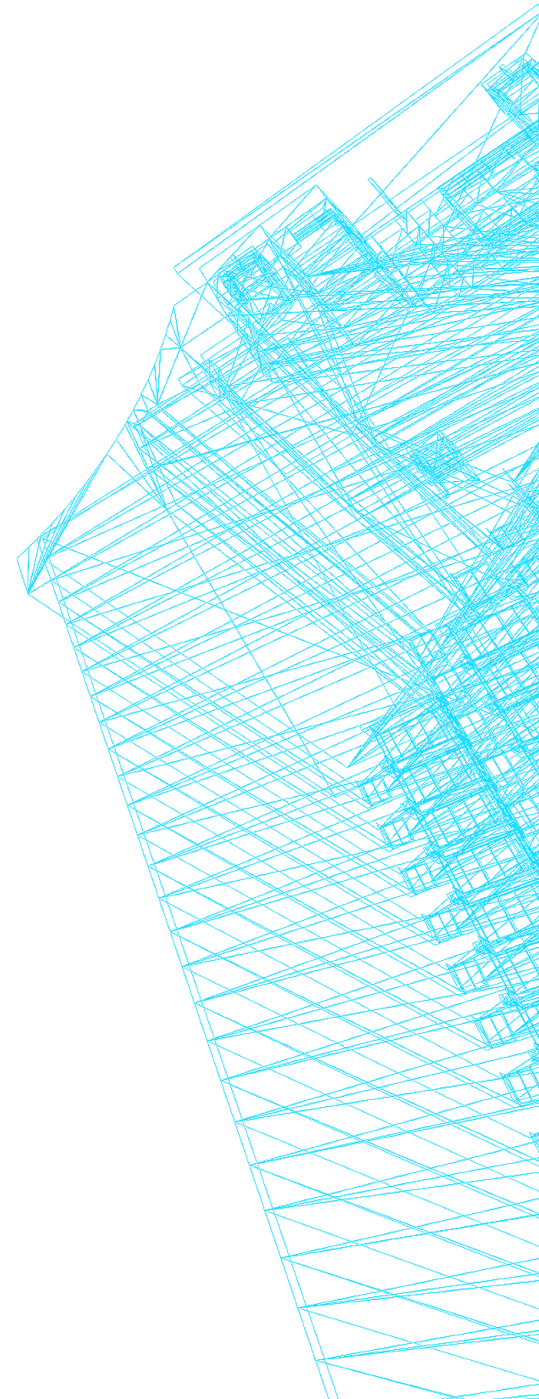
During the previously three project stages 1186 family households have solved their housing issues under the 1000 plus Project, i.e. 3055 of the Montenegrin citizens that are stated as members of those households.

- 1 st phase: 433 family households-1239 persons
- 2nd phase:376 family houselds-910 persons
- 3rd phase: 377 familiy households-906 persons



RESULTS AND IMPACT

- Competition among the commercial banks and construction companies; the mortgage interest rates and cost of real-estate reduced
- Re-mobilisation of construction industry post-2009 economic crisis and a positive knock-on effect on the banking sector
- Innovative IT platform and the programme's outreach and visibility
- Strengthened long-term social integration of low-income families, addressed through National housing strategy 2011-2020, and Law on social housing





SOCIAL IMPACT

- **Highly positive and benefiting households with affordable and suitable lodgings;**
- **the project shall give indirect impulse to the construction industry and**
- **slow down the migration from smaller municipalities and most inner country cities;**
- **improve the living conditions;**
- **indirectly boost the local development and economy.**



MONTENEGRO

Ministry of Ecology, Spatial
Planning and Urbanism

THANK YOU

1000
stanova+

Za tebe. Za mene. Za nas!

