

Prague housing crisis and possible solutions

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Current situation

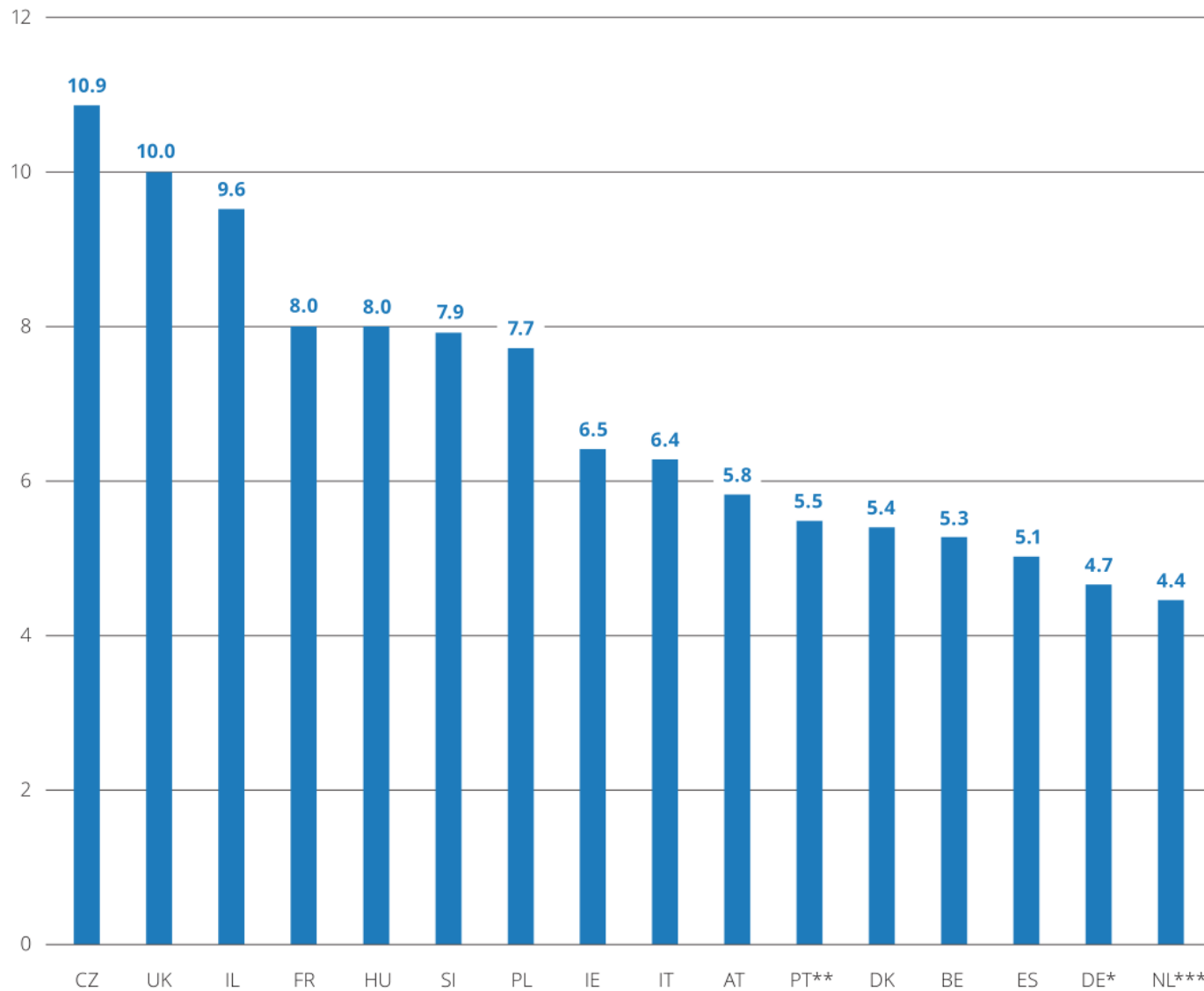
- According to the World Bank, Czech Republic is **156th** in order of length and complexity of building permit acquisition.
- Housing in the Czech Republic has been found to be **the most expensive in Europe**, according to the 2018 Deloitte Property Index.
- Prices of new flats in Prague exceeded **EUR 4,000 per m2** (average income in Prague is 1600 EUR/month).
- Many causes: continued lack of new apartments on the market, complicated building code, cheap money, globalization, economic growth, etc.

Current situation

- According to a study published by the Prague Institute of Planning and Development, the Czech capital could face an even **worse housing crisis** in the future.
- Study says that the population **will grow by 160,000 by 2030**. This growth would demand 8,000 new apartments built annually.
- Situation now: **fewer than 5,300 flats were completed in 2018 (5,846 in 2017, 6,090 in 2016)**.

Affordability of Own Housing

Gross annual salaries for the standardized new dwelling (70 m²), 2016



Source: National Statistical Authorities, Deloitte data calculations
* bid price, ** older dwellings, *** all dwellings (older and new)



Distribution of housing shortage in Czech Republic and Prague

Czech Republic	
Without roof	16 600
Hostels	17 900
Shelter	3 200
Unsatisfactory apartments	4 900
With relatives – unvoluntary, often overcrowded	4 100
Other unsatisfactory forms of housing	1 700
Institutions for mental health patients	2 500
Institutions for disabled people	2 600
Endangered users of the supported living service	500

Prague	
Without roof	8 164 (49 %)
Hostels	1 812 (10 %)
Shelter	583 (18 %)
Unsatisfactory apartments and with relatives	1 267 (31 %)
Other unsatisfactory forms of housing	277 (16 %)

How can the city of Prague solve some aspects of unfordable living?

- By controlling statutory deadlines of permitting procedures -> monitoring, hiring more employees, motivational salaries for employees etc.
- Lack of land designated for housing -> reasonable changes of city zoning plan, usage of brownfields for construction, preparation of city-owned land for housing construction.
- Substantial privatization of council housing stock -> big mistake from the past.

- In the past election term, **Prague sold 6,700 flats.**
- **Now the city owns 31,000 flats** (7,700 owned by Prague City Hall, the remaining owned by city districts) – about **5 %** of total housing stock.
- Consequence: decreasing possibility of providing housing for those who can't afford the market rent.
- Currently only **5 %** of the council housing stock is used for social housing.
- **Solution:** new council housing construction, end of privatization, more efficient use of housing stock.

Prague action steps

- We are creating a „**city developer**“ to prepare city-owned land for housing construction - unfortunately, no experience in the **last 15 years**
- Preparation of a pilot project **of cooperative housing on city-owned land**
- Developing an action plan for Prague **brownfields**
- **Subsidies** for city districts to reconstruct empty flats (approx. 1300)
- We have **changed the rules for renting municipal apartments** – now they take into account the seriousness of housing insecurity of applicants.
- **End of the privatization** of Prague housing stock.
- The last conception of Prague housing policy was created in **year 2004 (!)** - we are now preparing a new conception.



Thank you for your attention

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