

Kosovo* prepares an improved approach to social renting and a new affordable homeownership programme

ESPN Flash Report 2022/56

AMIR HAXHIKADRIJA – EUROPEAN SOCIAL POLICY NETWORK

JULY 2022

The Government of Kosovo plans to increase the availability of social rental dwellings in parallel to offering affordable homeownership for 4,000 households. The new homeownership programme will cost the government €22M annually, although funds will be partially replenished through monthly instalments (€120 and €150 respectively), paid by the new owners over a period of 120 or 150 months.

() This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence*

LEGAL NOTICE

This document has been prepared for the European Commission. However, it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



Description

The left-wing government plans to improve the housing situation in Kosovo through the new social housing legislation, increased availability of social renting units (hereinafter social housing) and provision of affordable homeownership for 4,000 low-income households by the end of 2025.

The new legislation aims to expand affordable housing programmes, while addressing the shortcomings of the current social housing schemes. But the main novelty is the introduction of the affordable homeownership programme, which aims to provide apartments to the new owners through two distinct packages – “120x120” and “150x150”. This plan foresees a monthly payment from benefiting households to the amount of €120 and €150 for a period of 120 and 150 months respectively. Typical prices for buying a dwelling on the private market (or equivalent mortgage reimbursements), particularly in bigger towns, are considerably higher. The Government plans to invest €22M annually to build the apartments, but the amount invested will be partially returned through monthly payments to a new institution that will be established to implement the programme (PMO, 2022).

The homeownership programme will be initially geared towards low-income public sector employees and young couples (first-time home buyers), although the final list of beneficiaries will be determined based on the feasibility study that is being conducted by the International Finance Corporation (IFC).

The programme will be designed in accordance with the principles of the circular economy, including social and ecological elements, in order to reduce construction and operating costs and to enable efficient use of public land. It also aims to create opportunities for the development of local businesses and promote social innovation, all with the aim of ensuring social, economic and environmental sustainability for new communities.

Previous governments, which were led by the current opposition parties, also tried to address social housing shortages. The former government, led by the right-wing Democratic League of Kosovo (LDK), had planned to pilot the construction of 200 new social housing units (apartments) in two municipalities and then to extend the project to other municipalities if the model proved successful. The plan did not materialise; however, the initiative shows that there is broad consensus among key political parties in Kosovo regarding the need to provide affordable and sustainable housing programmes for low-income households in Kosovo.

The initiatives are supported by relevant local and international organisations such as UN Habitat (which prepared the feasibility study for social housing reforms), the Council of Europe Development Bank (which will provide a soft loan for construction of new social housing units) and the IFC (which is conducting market assessment as well as feasibility, technical and legal analyses for the homeownership programme).



Outlook and commentary

The ambitious plan of the government to both build new social rental dwellings through a social mixing approach and provide 4,000 affordable social homeownership units by 2025 is a welcome initiative, considering that rented social housing currently represents only 0.3% of the total housing stock in Kosovo (PMO, 2022) compared to the average of 6% in OECD and non-OECD countries (OECD, 2020). In terms of scale, such programmes in Kosovo are unprecedented since socialism (pre-1989). To put it in perspective, according to the records of the Ministry of Environment and Spatial Planning, only 51 social apartment blocks with a total of 1,178 social rented apartments were built across Kosovo between 2003 and 2018 (MESP, 2019).

The commitment of the government to prioritise affordable housing is echoed in the Budget Law 2022 (Law NR. 08/L-066, and now in its amendment): a new budget line “social housing programme” has been created and €42.5M are planned to be spent during the period 2022-2024. It remains unclear how the government plans to build 4,000 homeownership apartments with a budget of €42.5M (€10,000 per apartment), as this is well below the market price. It also remains questionable whether the homeownership programme is affordable for the poorest segments of the population, considering that the minimum wage in Kosovo is €170 (with government plans to increase it to €250) and the overall at-risk-of-poverty (AROP) rate was 27.9% in 2018 (most recent data [Eurostat]).

The government plan, although big and ambitious, will not be able to meet the increasing demand for

affordable housing in Kosovo. According to the Prime Minister’s Office (PMO) there were 9,000 applications for social rental in Kosovo in January 2022 (PMO, 2022). The process used to allocate social housing units was criticised in the past - organisations such as the Organisation for Security and Cooperation in Europe (OSCE) identified several shortcomings of institutions in Kosovo regarding the provision of social housing, namely: lack of public notification of housing projects; domination of municipal selection commissions by municipal assembly members; presence of war veterans in these commissions but absence of representatives of minorities and of vulnerable groups whom the law requires to be prioritised for social housing (OSCE, 2013). Hence, the current government needs to propose fairer and more transparent selection processes, with clear eligibility criteria, to ensure that those most in need are prioritised and not discriminated against during the selection process.

One category that the government could potentially prioritise with the new homeownership programme is that of low-income households in remote rural areas. These communities have inadequate access to quality education, health and other services. For example, households in various remote rural areas only have access to medical nurses due to the lack of family doctors, and school children in various cohorts are sometimes mixed in classrooms due to low numbers of children and teachers. Placing these households in more populated areas would not only provide opportunities for social integration and better services for them, but it would also help the government to utilise limited health and education resources more effectively and efficiently.

The new programmes should also ensure that segregation is avoided.

In the past, several social housing projects, especially those targeting the Roma community, have improved their living conditions considerably, but have also contributed to segregation along cultural and ethnic lines.

Finally, the plans of the government to follow strict standards during the construction (or renovation) of affordable housing units, including diversification of energy sources and improved energy efficiency, may set a new standard and contribute to the improvement of the overall housing sector in Kosovo.

Further reading

Law no. 08/L-066 on Budget Appropriations for the Budget of the Republic of Kosovo for Year 2022 (available [here](#)).

Ministry of Environment and Spatial Planning (MESP) (2019), Report on Housing Assistance Requests in Kosovo 2019. Unpublished report provided by the Senior Officer of the Department of Spatial Planning, Construction and Housing at MESP.

Organisation for Security and Co-operation in Europe (OSCE) (2013), “Assessment of the Provision of Social Housing by Municipalities in Kosovo”, OSCE, Pristina (available [here](#)).

The Organisation for Economic Co-operation and Development (OECD) (2020), “Social housing: A key part of past and future housing policy”, OECD, Paris (available [here](#)).

The Prime Minister Office of Kosovo (PMO) (2022) The speech of Prime Minister Albin Kurti during the round table on the Adequate Social Housing Program for Kosovo held on 27 January 2022 (available [here](#)).

Author

[Amir Haxhikadrija](#) (Independent Social Policy Expert)

The Flash Reports are produced by the European Social Policy Network (ESPN) established in 2014 to provide the European Commission with independent information, analysis and expertise on social policies in 35 European countries. The topics covered are identified by ESPN experts in the light of significant developments in their countries, or in some cases suggested by the Commission or the Flash Reports’ editorial team (Anne-Catherine Guio, Eric Marlier and Slavina Spasova). The ESPN is managed by LISER (Luxembourg Institute of Socio-Economic Research), APPLICA and the OSE (European Social Observatory). More information on the ESPN: <http://ec.europa.eu/social/main.jsp?catId=1135&langId=en>.

Quoting this report: Haxhikadrija, A. (2022), *Kosovo prepares an improved approach to social renting and a new affordable homeownership programme*, ESPN Flash Report 2022/56, European Social Policy Network (ESPN), Brussels: European Commission.