



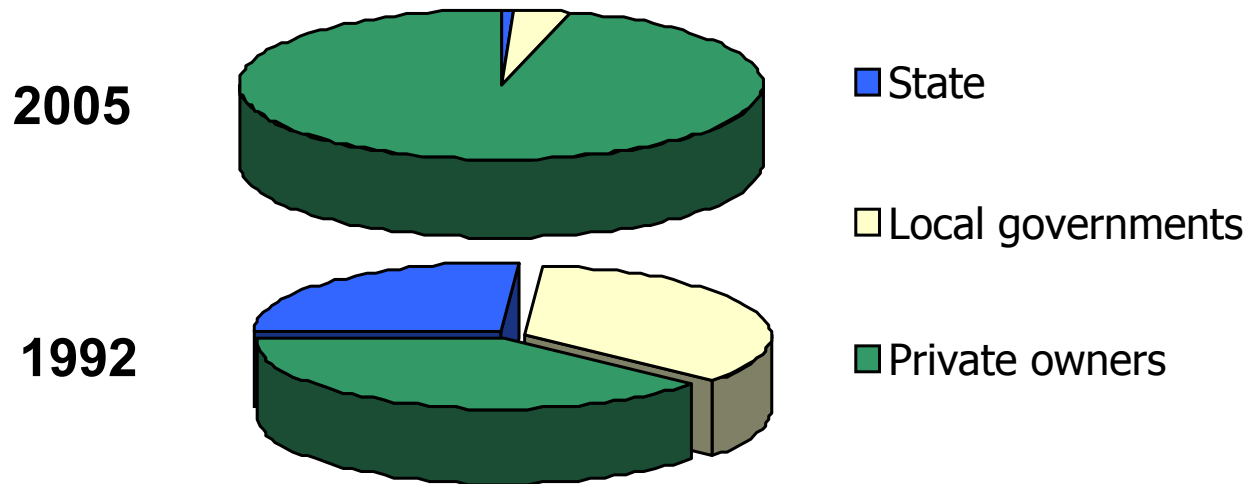
Role of public support in housing sector of Estonia

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Housing reform in Estonia





Major problems related to apartment buildings

1. Technical problems:

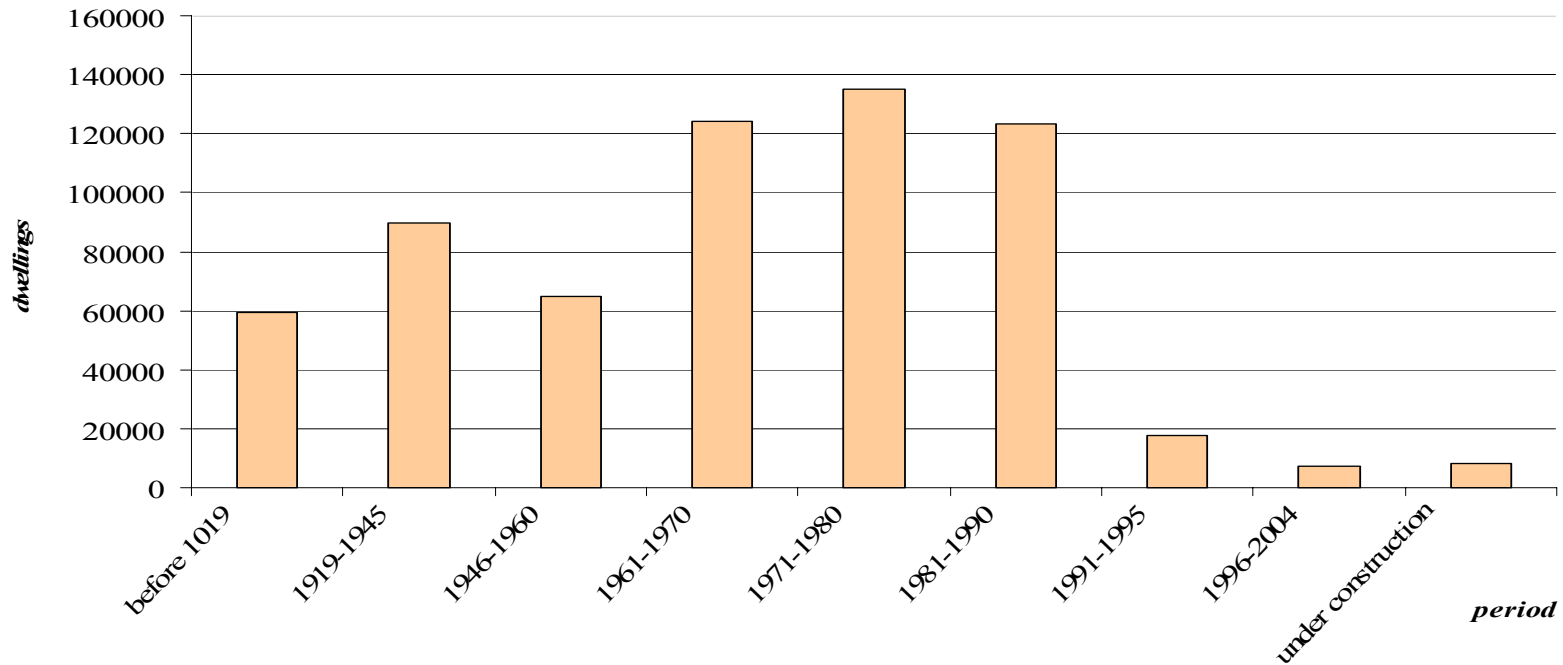
- Structural defaults
- Water-supply, heating and electrical system defaults
- Poor energy-performance

2. Social problems:

- Owners responsibility - rights and obligations
- Different household incomes
- Different cultural background



Dwellings by period of construction





Estonian Housing Development Plan for 2003-2008

- **Estonian housing development plan, for the years 2003-2008.**
- **Specifying new governmental means of support in the housing sector;**
- **Defining the organisational set-up to execute those means of support.**



Specific goals for state activities for the years 2003-2008

1. Maintenance of the existing housing stock.
2. Increasing the flexibility of the housing market and diversification of the types of dwelling.
3. Mitigating problems with housing finance.



Prioritised actions

- **Supporting the reconstruction of apartment buildings.**
- **Supporting the enlargement of rental housing stock.**
- **Securing mortgage loans.**
- **The interest part of the settlement loan is deductible from taxable income. (Income Tax Act)**



Refurbishment grant

- **Purpose of the measure:** to preserve the existing housing stock.
- **Target group:** apartment unions, apartment owners' associations, housing unions.
- **Description of activity:**
 1. The state supports repair work related to the reconstruction and restoration of the main structures of pre-1990 apartment buildings, and work to restore the electrical and gas system – 10% of the cost.
 2. Conducting technical inspections – 50 % of the cost.
 3. Training and information dissemination related to the measure.
- **Implementer:** Estonian Credit and Export Guarantee Fund KredEx



Mortgage loan guarantees

Purpose: To improve financing opportunities, the attainability of mortgage loans will be improved for the main target groups of the housing development plan.

Target group (beneficiaries):

- apartment unions, house unions and apartment owners' unions,
- young families,
- young specialists,
- tenants in returned houses.



Housing loan interest

- 1. A resident natural person has the right to deduct, from the income which he or she receives during the period of taxation, interest payments made during a period of taxation for a loan or finance lease taken in order to acquire a house or apartment or plot of land order to build a house.**
- 2. Only the loan or finance lease interest payments made upon the acquisition of one house or apartment shall be deducted from taxable income at one time.**

Income Tax Act § 25 (entered into force 1 January 2000)



Future prospects

1. **Reconstruction and renovation measures to improve the energy performance in housing sector.**
2. **Support to sustainable refurbishment of high-rise residential buildings.**
3. The **use of EU-funds** to serve as a catalyst to regard energy efficiency in housing sector.



**Thank you
for your
attention.**