

Slovakia, a country with hardly any rentals



By IUT in cooperation with IUT member organisation Právo na bývanie – Right to Housing

Finally a sovereign state, where ownership is King.

The Slovak Republic came into existence on first of January 1993. The Slovak people have been subjected to domination by stronger political entities, such as the Czechs of the Czechoslovak federation, the Magyars of the Austro-Hungarian Empire, and the sovereigns of the Habsburg Empire.

During the time of communist regime, no legal regulation regarding the lease of flats existed and in general all residential premises were owned by the state.

With the shift from socialism to a market-based economy, most housing units were sold to sitting tenants. Owner-occupancy rate rose from 50 % in 1990 to 76 % in 2001, and to more than 95 % today, while public rentals shrank from 27 % to 4 %.

The fact that Slovakia will adopt the Euro in 2009 triggers speculation on property. In the first 3-months of 2008

the average residential price was 4,500 SKK (Slovak Crowns), or 1,450 Euro per m², up almost 35 % from the same quarter in 2007.

At present the average market rent for a flat of 3 rooms of 90 m² in Bratislava is approx. 800 Euro, while a regulated rent is about 120 Euro. Netto average income in Slovakia is about 600 Euro. Market rents in other cities in Slovakia are about 30 – 40% below the level of Bratislava.

After WWII residential buildings were expropriated in the process of nationalization of private property. During the communist regime all flats, nationalized as well as newly constructed, were allocated to the population in a directive way. Citizens were ordered to move to assigned flats and they were granted a permanent and inheritable right to housing. After the political changes in Central Europe in 1989 the state adopted a set of laws on restitution of nationalized property, in Slovakia as elsewhere eastern Europe. Citizens living in houses given back to former owners, or their successors, became “overnight” tenants of private landlords. Residents of flats belonging to state owned companies

which were privatized got to a similar situation.

Clearance sale on flats

In 1993 the newly established Slovak parliament adopted within the process of economic transition a new law enabling the tenants living in state, or municipally owned flats to purchase their flats at a regulated price well below the market value. In 1993, the average official price for a 3-room flat of 90 m² was about 40,000 Slovak Crowns, or 1,300 Euro, which was only about 4% of the real market price.

All public owners of flats; state, state owned companies, municipalities and cooperatives, have been under legal obligation to sell the flats to the sitting tenants. Due to the favourable conditions almost all tenants concerned used their opportunity and bought the flats. As a consequence of the mass privatization approximately 97 % of the flats in Slovakia are now private.

Few remaining rights

However, residents in the restituted houses were excluded from the option to purchase their flats. The similar reason prevented the residents in houses which were property of privatized companies from purchasing their flats. Hence this mass privatization of the former public flats, the state adopted a collection of new laws on housing that gradually diminished the level of tenant's rights. Argument? The high level of tenant's protection was not necessary since the vast majority of flats had been transferred to private hands! Although the regulation of rents remained for flats hired before 2000, the inheritable right of housing has been abolished and the permanency of housing has been limited.

Scarcity worsen relations

The relationship between the tenants and their private landlords grew worse in the last decade. There are almost no public rental flats in Slovakia, except a few social flats and flats in houses which were restituted/privatized only partially and



Affordable housing is scarce in Bratislava, and rental housing for the young is almost non-existing.



Visit the Old Town in Bratislava early on Sunday mornings if you want peace and quiet.

where the municipality kept its share of property.

The lack of rental flats quickly caused a disproportion between the demand and supply of rental housing and consequently a big gap between market rents (rents for flats hired after 2000) and regulated rents

Deregulation of all rents

In 2005 the government adopted the amendment of the Law on prices including a total deregulation of rents as of 1 July 2007. At the same time the government refused to adopt protective measures for the affected tenants on national level arguing that due to the decentralization of the public sector the municipalities were capable of taking over the problems – which was not at all the case, according to most municipalities. In April 2008 a new decree on regulation of rents was adopted, replacing the words “1 July 2007” by “31 December 2008”. However the government declared it to be a temporary measure to avoid social disasters.

(rents paid by “original” i.e. tenants residing in private houses before 2000).

The current situation is unsatisfactory for both the landlords as well as the tenants. The landlords claim the regulation of rents deprives them of the free usage of their property. However they took over their houses from the state at the time when there were no market rents legally possible and they were aware of the fact that the property subject to restitution was inhabited.

Landlords make many efforts to make the life of the “original” “unwanted” tenants as difficult as possible, from refusing any maintenance of the flats to cuts of heating. “Repairs” of heating systems in the middle of the winter are very popular among some landlords), cuts of electricity and water supplies. Even permanent pressure on the tenants (in particular elderly people are affected) is on daily order in some private houses.

Political irresoluteness

The problem of tenants in restituted/privatized flats became a major political topic. The current government declared its willingness to find a solution. A draft

proposal to a new Law, December 2007, was dismissed by both tenants and the Ministry of Social Affairs. According to the proposal landlords would be entitled to terminate voluntarily all existing contracts by end of 2009, but only a very limited number of tenants fulfilling extraordinary strong criteria e.g. having a monthly income exceeding the social minimum of 170 EURO would be eligible for assistance in a form of a social flat for maximum 6 years).

According to a survey carried out by the association, Právo na bývanie – Right to Housing, the estimated total number of tenants living in restituted/privatized houses is about 30,000. Besides there is a small number of tenants living in social municipal flats. These tenants must fulfil strong social criteria; being young families, being without any property, with low incomes etc. Social flats can be occupied maximum for a period of only 6 years, which makes life very uncertain for this category of residents.

Affordable rental housing needs to become a priority in Slovakia, to ensure everyone the right to a decent and secure life.