

Ekonomikas ministrija

Affordable housing support programme

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Necessity for affordable housing in Latvia

1. Only 25% of the population reaches minimal wage in Western Europe
2. European Commission have recommended Latvia to increase support for housing affordability
3. OECD studies show that 44% of Latvian households are too rich to qualify for housing benefits or social housing, yet unable to afford a mortgage to purchase apartment in Soviet time multi-apartment building

In June 2020 OECD presented their report “Policy Actions for Affordable Housing in Latvia”, that included recommendations to support housing affordability in Latvia

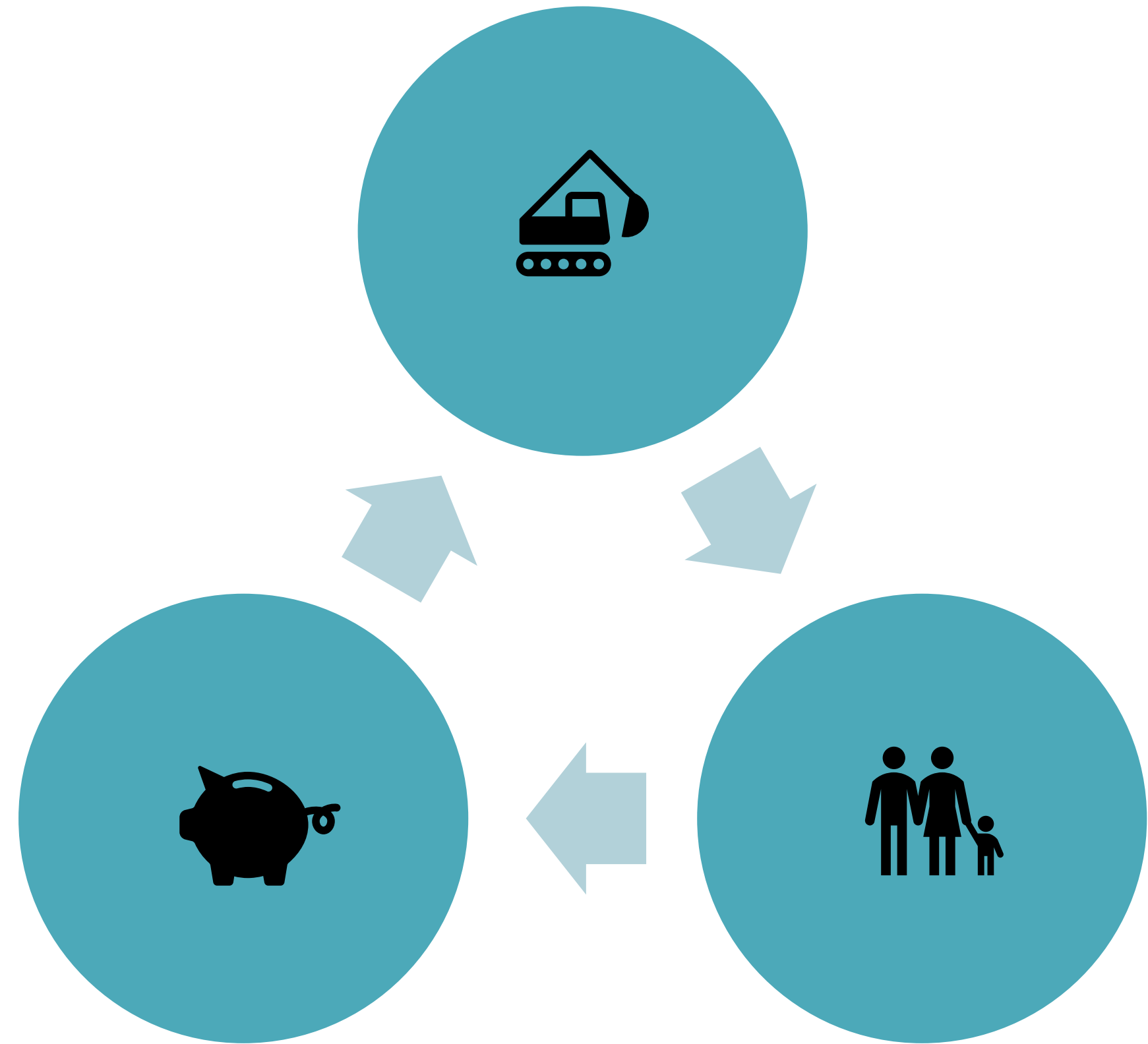
Develop a more affordable, attractive private rental market

Close the gap among the “missing middle”, by better calibrating housing support for different households

Invest more in quality affordable housing and reduce construction costs

Since 2021

**OECD is developing
reccomendations
Latvia to establish
a revolving fund for
affordable rental
housing
construction**



State Aid Regulation



Framework has been
complied with the European
Commission

Developers alone are unable
to provide this service
without State aid

The Programme is subject to
the EC Decision of 20
December 2011
(2012/21/EU) — Regulation
of a service of general
economic interest

State aid applies to the
development of low-rent
dwellings

The programme provides for
the provision of affordable
housing to disadvantaged
groups which, due to
solvency constraints, do not
have access to housing
under market conditions

Disadvantaged groups are
clearly defined and
coordinated with the EC

**Aim, funding,
result**

**Support,
financer, loan
maturity**

**Loan amount,
own contribution,
implementation
area**

Project readiness

**Limitations on
construction
costs**

Rent restrictions

**Preconditions for
receiving a
capital discount**

AIM OF THE PROGRAMME

to promote the availability of affordable rental apartments
for households with insufficient income in regions

FUNDING

42,9 M EUR

From RRF

RESULT

**700 low-rent
apartments in
Latvian regions**

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Type of support

long term loan and capital rebate (up to 25 % or 30 %)

FINANCER

**Altum* in
cooperation with
a commercial
bank or only
Altum**

ALTUM LOAN MATURITY

**Long term loan, up to
30 years
(repayment of the
principal may be
deferred)**

*** ALTUM is a state-owned development finance institution, which offers state aid for various target groups with the help of financial tools**

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ALTUM LOAN AMOUNT

**up to 95 %
(max possible if the commercial bank does not finance
the project)**

OWN CONTRIBUTION

**at least 5% from
eligible costs**

IMPLEMENTATION AREA OF PROJECTS

**Outside Riga and
municipalities
surrounding Riga**

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Business project

**Concluded
Entrustment Act
with municipality**

**Regulation for tenants
queue developed by the
municipality**

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**59,5 k EUR (without VAT) on average per
apartment**

**The average
apartment size at
least 52 m2**

**Surplus and VAT (if not
recoverable) are
financed from other
Altum sources**

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5 EUR/m² per month

**After repaying the Altum loan, 50% of the
rental income is paid into the Housing
Affordability Fund**

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The quality requirements for a house are met

UP TO 30%

**if the
commissioning of
a house is
ensured by
August 31, 2026**

UP TO 25%

**if the commissioning of
a house is ensured
after August 31, 2026**

**Less than 9 apartments = 100% occupancy
More than 9 apartments = 90% occupancy**

Ministry of Economics

Housing policymaking

Regulation of affordable rental housing

Decision making body on Housing
Affordability Fund

Altum

Managing body of the Fund

Selection of viable projects

**Monitoring the use and
repayment of loans**

Possesor

Monitoring activities:

- After the capital rebate is granted and the house is commissioned
- Tenants income level according to housing size, declaration of residence, no sub-letting
- Overcompensation, profit levels, rent levels
- Use of funding paid by tenants, adherence to maintenance plan

Real estate developers

Project developers

Any private or public corporation or cooperative

Beneficiary of loan and capital rebate

Municipalities

Developers for regulation for tenants
queue

Concluded Entrustment Act with real
estate developers

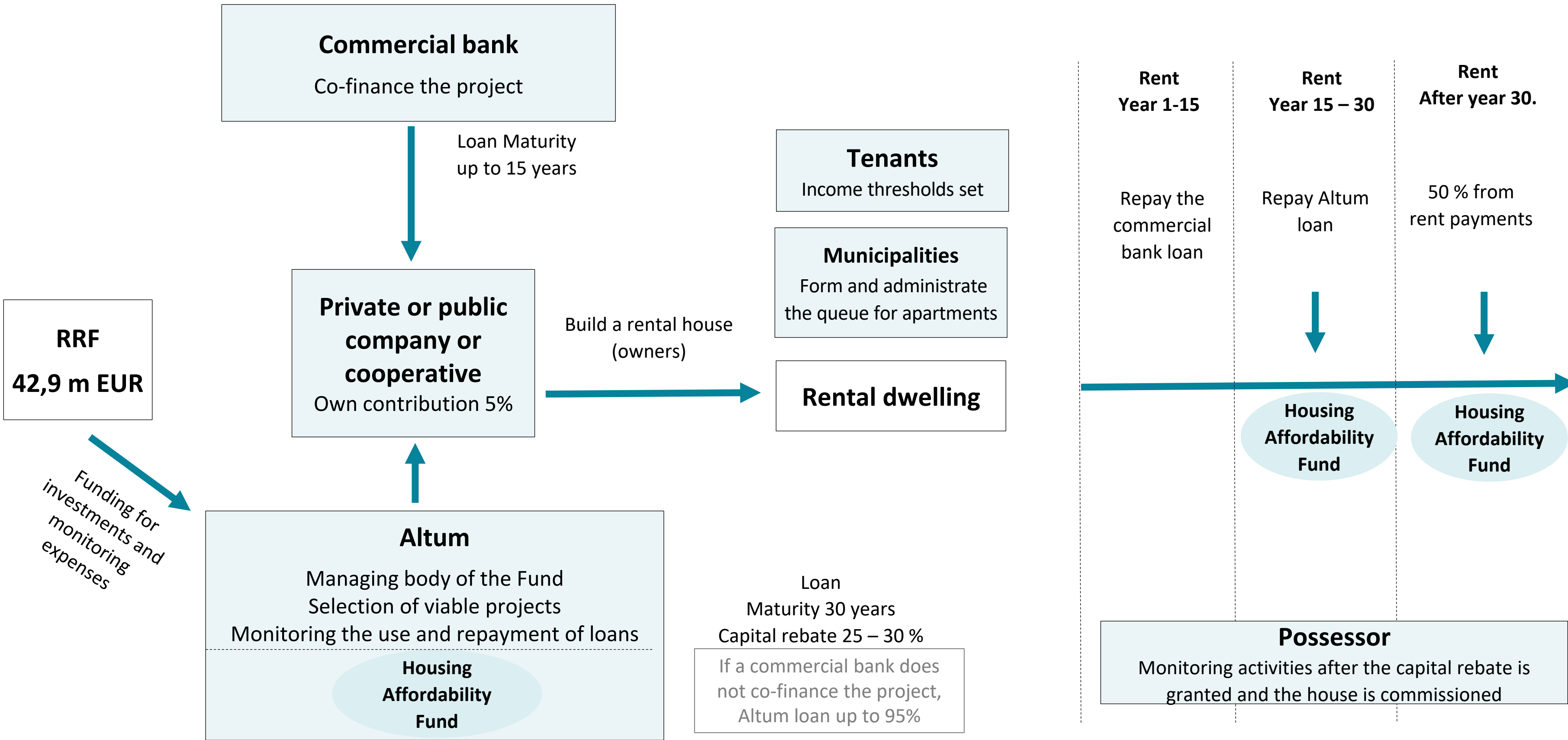
Tenants

**EUR 980 for a one-bedroom
apartment**

**EUR 1,635 for a two-bedroom
apartment**

**EUR 2,450 for an apartment of
three or more bedrooms**

Operation and Financing





Ekonomikas ministrija

Thank you for you attention!

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