

SURVEY OF GOVERNMENT HOUSING SUPPORT MEASURES IN 2003

**MINISTRY FOR REGIONAL DEVELOPMENT
OF THE CZECH REPUBLIC
Housing Policy Department**

May 2003

SUPPORT FOR CONSTRUCTION SAVINGS SYSTEM

AIM OF MEASURE	Government subsidy to the special financial system “Construction Savings System” (German model – Bausparkassen system).
FORM OF SUPPORT	Non-returnable contribution to the Construction Savings System.
APPLIES TO	Contract with a Construction Saving Bank.
APPLICANT	Participants in the Construction Savings System.
TERMS	Based on Act 96/1993, the government contributes 25% of the amount saved annually up to a maximum of CZK 4,500 per person per year.
WHERE TO APPLY	The subsidy is distributed through specialized financial institutions - Construction Savings Banks.
NOTE	Paid interest on the loan is deductible from income tax base.

The construction savings system *combines client’s savings with government subsidy which totals 25% of the annually saved amount, based on a five year contract with a special financial institution - Construction Saving Bank*. The goal is to motivate the population to participate in savings plans which are used for financing the housing needs. Recipients of the subsidy are individuals who participate in a construction savings plan. The subsidy does not have to be used for housing purposes. The contract specifies a target amount which will be reached at the end of the five year period. The target amount includes:

- the amount saved (+ interest);
- the government subsidy (maximum CZK 4,500 per person per year);
- a loan of approximately 50% of the target amount.
-

The terms of the construction savings system are specified in Act 96/1993 which entered into effect on April 1, 1993, as amended by Act 83/1995 from July 1, 1995.

MORTGAGE SUBSIDY

AIM OF MEASURE	The objective of the subsidies is to improve the affordability of mortgage loans through reduction of monthly payments, and to increase the number of newly constructed dwellings.
FORM OF SUPPORT	Interest subsidy on mortgage loans. The amount of interest subsidies is derived from the average interest rate for which new mortgage loans were provided in the preceding year. In 2000 and before, the subsidy totalled 4%, and in 2001 it declined to 2%, in 2002 to 1%. In 2003 the subsidy for new contracts falls to 0%.
APPLIES TO	Construction of new family houses or apartments.
APPLICANT	Residents, municipality, cooperative.
TERMS	Specified in Government Order 244/1995, as amended.
WHERE TO APPLY	The interest subsidy is distributed through mortgage banks.
NOTE	Paid interest is deductible from income tax base.

After adopting the necessary legislative conditions (Act No. 84/1995) *in October 1995, the Government approved the terms of state financial support for mortgage loans in order to stimulate new housing construction (Government Order No. 244/1995)*. The purpose of this program is to *increase the availability of long term loans from commercial banks to private builders of family homes and apartment buildings*. Mortgage loans are granted for a maximum of 70% of the value of the property to be built. Builders who lack initial capital can obtain the necessary funds from swing loans or loans granted under the Construction Savings Plan.

The subsidy is granted under conditions specified in *Government Order 244/1995, as amended*. The subsidy can be used for construction of apartment buildings or family houses, purchase of land for housing construction, purchase of a new apartment or a house (within one year of certification), for repayment of a loan received after January 1, 1995. An amendment to Government Order No. 78/1998 specifies that borrowers are entitled to receive government subsidy until full repayment of mortgages, providing that the repayment period does not exceed twenty years. This measure applies to mortgages (or parts thereof) which do not exceed:

- CZK 2 million (house with two apartments),
- CZK 1.5 million (single family house),
- CZK 12,000 per square meter of an apartment, but no more than CZK 800 000 per unit in an apartment building.

In 2001 mortgage banks granted loans, which were eligible for government subsidy, for construction of 7 161 new flats. The total volume of this type of mortgage loans has reached CZK 23,173 billion, CZK 10,149 billion of which was granted in 2001. The average value of mortgage loan in 2001 was CZK 1,115 million per dwelling.

MORTGAGE SUBSIDY FOR YOUNG PEOPLE

AIM OF MEASURE	The objective of the subsidies is to improve the affordability of mortgage loans through reduction of monthly payments for young people – under 36 years.
FORM OF SUPPORT	Interest subsidy on mortgage loans. The amount of interest subsidies is derived from the average interest rate for which new mortgage loans were provided in the preceding year. In 2003 the subsidy totalled 2%.
APPLIES TO	Purchase of older family houses or apartments.
APPLICANT	Young residents who in the year of filing the application shall not have reached 36 years of age.
TERMS	Specified in Government Order 249/2002.
WHERE TO APPLY	The interest subsidy is distributed through mortgage banks.
NOTE	Paid interest is deductible from income tax base.

Support in the form of subsidized installments on a mortgage loan (or its part), not exceeding in the aggregate:

- CZK 1.5 million for purchase of a family house with a single flat;
- CZK 800 thousand for purchase of a flat in a tenement house.

The amount in excess of the above is not subsidized. The subsidy varies from 1 to 4 percentage points depending on the mean interest rates at which mortgage banks have provided new credit subject to state subsidy in the preceding calendar year. In the event the mean interest rate drops below 5 %, the subsidy will not be granted.

In 2003 the subsidized credit is granted at 2 percentage points.

Subject matter: purchase of older flats or one-family houses with a single flat, potentially land.

Underlying conditions are laid down in ***Government Order No. 249/202 Coll.***

The subsidy is granted while the mortgage loan is being repaid but for no more than ten years. The amount of the subsidy applies during the validity of the interest rate agreed between the client and the mortgage bank in the credit contract but for no more than five years; after expiration the amount of the subsidy will be determined anew.

Additional conditions: neither the applicant for subsidy to a mortgage credit (nor his/her spouse if married) shall have reached the age of 36 in the year in which the application is filed; at the time of filing neither the applicant nor his/her spouse (if any) may own or co-own a flat, a tenement house or a one-family house other than the flat/one-family house for which the aid is requested. The flat/one-family house involved must be at least two years old (where the relevant date is the date of entry in the Land Register), must be in the territory of the Czech Republic, must serve exclusively for permanent habitation of the applicant while the subsidy is being granted, and either the applicant must be its sole owner or it must be included in the joint property of spouses (if the applicant is married).

LOW COST LOW START MORTGAGES

AIM OF MEASURE	The objective of the subsidy is to facilitate access to mortgage loans for households which due to their initially low income cannot afford to repay a standard mortgage loan, but expect that their income and ability to repay debt will improve eventually.
FORM OF SUPPORT	Returnable state contribution.
APPLIES TO	Purchase of a new apartment or family house.
APPLICANT	Builder of new construction or first buyer of a new built dwelling with a household income under four times the subsistence minimum.
TERMS	Specified in Government Order 149/1997, as amended.
WHERE TO APPLY	The contribution is distributed through mortgage banks.
STATE BUDGET QUOTA	Funds under the item <i>Mortgage Loans Subsidy</i> .
NOTE	Paid interest is deductible from income tax base.

Repayable financial aid is provided as an addition to a mortgage loan to citizens who want to ***purchase a new apartment or a house***. Aid consists of provision of a repayable contribution covering a part of the principal and interest on a mortgage loan in the first half of the repayment period. The result of this scheme are low, progressively increasing installments which reflect the recipient's gradually increasing income. Applicants must meet the following criteria:

- funds (mortgage + own capital + possible government loan);
- building permit issued after July 1, 1997;
- the applicant is a builder or a first buyer of a dwelling under one year old;
- the applicant's household income does not exceed four times the subsistence minimum;
- the maximum amount of the loan is CZK 700 000;
- in the first year of repayment monthly installments may be reduced by a maximum of one third, in subsequent years they gradually increase;
- the reduced portion of monthly installments is paid from the state budget in the form of a returnable state contribution;
- the state contribution is repaid within ten years through higher monthly installments.

Combined with other forms of government financial support for new housing construction, progressively increasing mortgage installments enable families with average and slightly above average income to acquire a new dwelling.

SUBSIDIES FOR CONSTRUCTION OF RENTAL HOUSING AND TECHNICAL INFRASTRUCTURE	
AIM OF MEASURE	The objective of the program is to stimulate construction of rental housing and technical infrastructure by municipalities.
FORM OF SUPPORT	Non-returnable subsidy for selected projects.
APPLIES TO	Construction of low rent municipal housing rented to individuals in specific income brackets and construction of technical infrastructure.
APPLICANT	Municipalities.
TERMS	Specified in the program "Support to Construction of New Rental Housing and Technical Infrastructure". Applicants must have completed land use and project documentation, and be able to participate financially, etc.
WHERE TO APPLY	The Ministry for Regional Development
<p>Launched in 1995, this program's aim <i>is to help municipalities execute local investment projects which involve new housing construction</i>. The conditions of the program have been updated for the year 2003 as to disbursement of funds for construction of rental housing for target groups in specific income brackets and for construction of technical infrastructure used for subsequent construction of apartment buildings and family houses.</p> <p><i>The maximum financial support is:</i></p> <ol style="list-style-type: none"> CZK 550,000 per dwelling, CZK 630,000 for construction of a dwelling in an area where it is also necessary to build local Class III. and IV. communications, including their parts,¹ special-purpose communications,² and technical infrastructure networks which cannot be paid for by utility companies, with the exception of power, telecommunication, and other lines.³ CZK 80,000 per dwelling as regards construction of technical infrastructure. <p>Subsidies for construction of housing and infrastructure can be combined. Maximum subsidy provided by the government is 50% of the investment costs of a project. As regards new buildings with ten apartments and more, at least 10% of the units must meet general technical standards allowing use of the structure by handicapped persons (Section 6 of Directive No, 174/1994 Coll.). The floor area of at least 80% of all dwellings must not exceed 60 square meters; the floor area of other dwellings must not exceed 80 square meters; the floor area is the sum of floor areas of all rooms if they are used exclusively by the tenant. The subsidy cannot be granted if a structure has already been certified.</p> <p>A dwelling constructed with a subsidy granted under this program can be rented to:</p> <ul style="list-style-type: none"> a person living in a single-member household whose average monthly income during the six calendar months preceding the entering into a lease agreement did not exceed 0.8 times the average monthly income in the national economy published by the Czech Statistical Office, a person living in a multiple-member household,⁴ if the household's average monthly income during the six calendar months preceding the entering into a lease agreement did not exceed 1.5 times the average monthly income in the national economy published by the Czech Statistical Office. 	

¹ Section 6 paragraph 3, letters c) and d) of Act No. 13/1997 Coll. on Ground Communications

² Section 7 of Act No. 13/1997 Coll.

³ Section 3, letter k) of Regulation No. 137/1998 Coll.

⁴ Section 115 of the Civil Code

PROGRAM OF CONSTRUCTION OF SUPPORTED DWELLINGS

AIM OF MEASURE	The objective of the program is to provide support for construction of rental housing owned by municipalities or voluntary associations of municipalities for persons who are disadvantaged in access to housing due to their social situation and due to other reasons on which are based their special needs in this area.
FORM OF SUPPORT	Non-returnable subsidy.
APPLICANTS	Municipalities or voluntary associations of municipalities.
TERMS	Applicants must be included in the Ministry for Regional Development "Program of Construction of Supported Dwellings"
WHERE TO APPLY	Ministry for Regional Development

This program provides financial aid for *construction of homes for persons who are disadvantaged in access to housing* due to their social situation and due to other reasons on which are based their special needs in this area. Such reasons include an adverse medical condition or old age and the ensuing medical and social consequences and an unfavorable life situation which prevents disadvantaged persons from finding adequate housing and poses the risk of social exclusion.

The program was established in 1991 for providing financing for construction of small rental apartments (maximum floor size of 50 square meters). Since 1998, subsidies under this program have been disbursed only for construction of rental apartments with community care services.

Subsidized Dwellings for the Year 2003:

- **protected dwelling** (subsidized dwelling in a special-purpose building,⁵ which is reserved for persons having special housing needs due to a medical condition or old age and which meets the technical requirements for a modifiable dwelling,⁶)
- **halfway dwelling** (subsidized dwelling intended for persons having special housing needs due to an asocial lifestyle or high-risk living environment who are unable to resolve their unfavorable social situation without external help,)
- **entry-level dwelling** (dwelling intended to satisfy housing needs of persons who do not have access to housing even if all existing social and housing policy measures are used, while such persons are capable of leading independent lives, especially in respect of fulfilling the duties under a lease agreement).

The maximum amount of subsidy per individual subsidy titles is as follows:

Subsidy title	CZK thousand
1. Protected dwelling	600 to 800⁷
2. Halfway dwelling	600
3. Entry-level dwelling	250

⁵ Section 10 of Act No. 102/1992 Coll. which Defines Some Issues relating to Promulgation of the Civil Code

⁶ See Annex No. 1 to this Program

⁷ Maximum subsidy of CZK 800,000 per dwelling in a municipality with a population up to 10,000, CZK 700,000 per dwelling in a municipality with a population between 10-100,000, and CZK 600,000 per dwelling in cities with a population over 100,000

SUBSIDIES FOR HOUSING STOCK REPAIRS

AIM OF MEASURE	The objective of the program is to eliminate defects of prefabricated-panel buildings causing an emergency situation. In this sense, subsidies are disbursed for essential repairs ordered by building inspection authorities.
FORM OF SUPPORT	Non-returnable subsidy.
APPLIES TO	Repair of prefabricated - panel apartment buildings.
APPLICANTS	Building owners (municipalities, housing cooperatives, private individuals, and legal entities).
TERMS	Specified in the "Program - Support to Housing Stock Repairs"
WHERE TO APPLY	Ministry for Regional Development
NOTE	The subsidy may not exceed 40% of the estimated cost of repair.

In spite of having been built relatively recently, prefabricated panel buildings often suffer from *very serious technical defects* (static and safety problems). Under this program the government provides financial aid intended to cover costs of repairs performed in 2001.

The subsidy will be disbursed up to a maximum of 40% of the budget costs specified on the Building Registration Card; the maximum amount of the subsidy is CZK 45,000 per dwelling. The subsidy will be provided for projects where the budget costs of repairs of a structure exceed CZK 160,000 as per the Building Registration Card.

Since the year 2000 the program has been open *only to applicants who demonstrate "emergency need of repair"* confirmed by building inspection authorities (based on Act 50/1976, § 87 or § 94).

The program is intended for all owners of apartment buildings and apartments constructed from prefabricated panels, i.e. municipalities, housing cooperatives, private individuals and corporate entities. As far as owners of panel buildings or persons who own individual apartments in such buildings based on Act No. 72/1994 Coll., financial aid is provided on the condition that the applicable building is maintained by a legal entity founded or contracted for this purpose by the owner(s). Such a legal entity must be empowered by the owner(s) of the building or individual apartments to conclude a contract with the government to receive the subsidy.

The subsidy may be used only for repairs of faults and defects of apartment buildings (not considered repairs is work that results in valorization of a structure in the sense of Section 33 of the Income Tax Act, No. 586/1992 Coll., as amended). Repairs may concern a defect or a serious static fault of load-bearing structures, foundations, load-bearing walls, stairwells, balconies, loggias, terraces, ceilings and roofs, serious construction or function defects of parts of the structure (non-load-bearing perimeter walls and their sections, railings, attics, architectural elements) that pose imminent danger to the stability of the structure or its parts or to the safety and health of persons.

SUBSIDIES FOR REHABILITATION OF PREFAB HOUSING DEVELOPMENTS

AIM OF MEASURE	Support to alterations focused on rehabilitation of prefab housing developments, i.e. their transformation into multifunctional complexes, and general improvement of the residential environment.
FORM OF SUPPORT	Non-repayable special-purpose subsidy.
APPLIES TO	Prefab housing developments (integral parts of municipal territory developed with prefab residential buildings, comprising in total at least 150 flats).
APPLICANT	Municipality.
TERMS	Stipulated by Government Order No. 494/2000 Sb., on Terms and Conditions for Provision of Subsidies from State Budget to Support Rehabilitation of Prefabricated Housing Developments. The terms and conditions in particular include the following: the municipality has an approved zoning plan and a project of rehabilitation of a prefab building development, and the municipality's participation in the financing of the alterations pursuant to Section 2(c) equals or exceeds 30 % of the costs budgeted for such alterations.
WHERE TO APPLY	Ministry for Regional Development.
NOTES	The subsidy may not exceed 70 % of the budgeted cost of alterations as specified in the application.

Prefab housing developments built in 1959 – 1990 exist in more than 300 municipalities and represent about 30 % of available housing stock. They have certain drawbacks in common, such as their monofunctionality, urbanistic and technical flaws and other problems that have, as a rule, shaped the housing developments into unattractive, problematic areas. An imminent risk is arising that the hitherto balanced, blended social composition might become disbalanced towards the socially weaker strata of population. This process should be immediately harnessed by appropriate actions, and such conditions should be created as to turn housing developments into attractive *multifunctional neighborhoods*.

The program of rehabilitation of prefab housing developments is conceived by Government Order No. 494/2000 Sb., on Terms and Conditions for Provision of Subsidies from State Budget to Support Rehabilitation of Prefabricated Housing Developments.

Subsidies in the maximum amount of 70 % of the budgeted cost of alterations as specified in the application will be provided to the municipalities in whose territory the prefab housing development is located. This non-repayable special-purpose subsidy is designated, without limitation, for the following: preparation of a regulatory plan for the prefab housing development or its part, construction of transport and technical infrastructure, pedestrian paths, public areas and biking paths, erection of anti-noise screens, establishment of parking lots, redevelopment of public areas including their remediation, delimitation of fire-fighting platforms, public greenery with the planting of grown-up trees and grassing, remediation of existing and establishment of new playgrounds with sandboxes, climbing frames and park rest areas and benches, redevelopment and establishment of public recreational facilities, and related project and design work.

Support provided by **the State Housing Development Fund**

SUPPORT TO REPAIRS OF APARTMENT BUILDINGS BUILT BY PREFABRICATED SLAB TECHNOLOGY

”Panel” Program

AIM OF MEASURE	Support to elimination of dilapidation of prefab housing facilities, including support to repairs, rehabilitation and refurbishment of apartment buildings built by the prefab technology.
FORM OF SUPPORT	Subsidized interest on negotiated long-term loans; bank guaranty for loans up to 70 % of outstanding principal.
APPLIES TO	Loans provided for repairs, rehabilitation and refurbishment of prefab apartment buildings.
APPLICANT	Owner or co-owner of a prefab apartment building (natural person or legal entity).
TERMS AND CONDITIONS	Stipulated by Government Order No. 299/2001 Sb.
WHERE TO APPLY	State Housing Development Fund (”SHDF”).

The Panel Program, conceived by Government Order No. 299/2001 Sb., consists of three fundamental support tools:

- interest subsidy provided by the state;
- bank guarantees;
- professional technical assistance.

The terms and conditions and the scope of provision of the state subsidy for interest are provided for in Government Order No. 299/2001 Sb. The subsidy may only be provided to owners or co-owners of prefab apartment buildings, flats or non-residential premises.

As a minimum requirement, the subject of repairs, refurbishment or rehabilitation of a prefab apartment building must always include the repair of defects in building statics, refurbishment of distribution systems, and improvement of thermal-technologic properties. This condition does not apply in cases where any of such repairs is not necessary. Types of repairs for which subsidy is to be granted are specified in an exhibit to the Government Order. Applications for subsidy must be submitted within 6 months from execution of the relevant loan agreement and accompanied by a positive opinion of the advisory information center and a declaration that the applicant has no debt owing to the state. Each contractor for the work performed must possess the certificate of quality management system. The construction management must possess a license for performance of specific building activities. A legally valid building permit must have been issued for the construction.

Subsidy shall be provided in the amount of 3 % points, and 4% points or 5% points in economically weak and structurally afflicted districts, as set out in the exhibit to the Government Order. The subsidy only applies to that portion of the loan that is provided in respect of work specified in Exhibit 2 to the Government Order and that does not exceed CZK 4,800 per square meter. The support will be provided throughout the term of repayment of the loan in biannual installments not to exceed a period of 15 years from the date of execution of agreement on provision of support. The bank guaranty may be provided up to 70% of outstanding principal. The support may be provided on the basis of written application submitted to Českomoravská záruční a rozvojová banka who will then forward the application with any mandatory documentation to the State Housing Development Fund for decision.

LOW INTEREST LOANS FOR HOUSING MODERNIZATION

AIM OF MEASURE	Support intended to improve the condition of neglected housing stock.
FORM OF SUPPORT	Low-interest loans to municipalities.
APPLIES TO	Housing stock owned by municipalities and private proprietors.
APPLICANT	Municipality (private proprietor through municipality).
CONDITIONS	Stipulated by Government Order No. 396/2001 Coll.
WHERE TO APPLY	State Housing Development Fund (SHDF).

The support is intended for *municipalities and through municipalities also to private proprietors* for maintenance of existing housing stock. Introduced in 1994, the program was implemented by the Ministry for Regional Development. Since 2001, this measure has been financed from the State Housing Development Fund. The conditions under which loans are provided to municipalities are specified in the Government Order on the Use of Finances from the State Housing Development Fund for Repairs and Modernization of Dwellings.

The Fund provides loans to municipalities with a 3% p.a. interest rate. The repayment period is ten years, and interest is paid on a quarterly basis. Loans can be provided to municipalities that have an approved land-use plan, an established monetary fund to which the loan from the Fund is transferred, their own funds earmarked for repair or modernization of dwellings, and established rules for using finances from the monetary fund.

Finances from the monetary fund must be used for payment of the cost of repair or modernization of dwellings. Finances from the monetary fund can be used on the condition that a municipality has at least 50% of the finances from sources other than a loan provided by the Fund and the monetary fund contains enough finances for repayment of the loan. The Government Order provides a possibility to obtain a low-interest loan for repair or modernization of apartment buildings also for private proprietors, as at least 20% of the finances in the monetary fund must be provided to private proprietors.

In a number of cities, this system was introduced as early as in 1994 as part of the Program of Government Loans to Municipalities for Repair, Modernization, and Expansion of Housing Stock. Considering that *municipalities can deposit other finances to this special purpose fund, this form of "public" financial support is very effective.*

SUPPORT TO CONSTRUCTION OF RENTAL FLATS AND COMMUNITY CARE HOMES

AIM OF MEASURE	Support to rental flats and technical infrastructure.
FORM OF SUPPORT	Non-repayable special-purpose subsidy for selected projects.
APPLIES TO	Construction of municipal rental flats with limited rent and construction of community care homes.
APPLICANT	Municipality
TERMS AND CONDITIONS	Set out by Government Order No. 481/2000 Coll.
WHERE TO APPLY	State Housing Development Fund

*Effective from 2000, Government Order No. 481/2000 Coll. enables the financing of construction of rental flats, flats of special designation, and suites in community care homes from resources of the **State Housing Development Fund**.*

The limit set for the support is up to

- *CZK 320,000 per flat in respect of construction of rental flats;*
- *CZK 400,000 in case of construction of flats in undeveloped areas where technical infrastructure needs to be built;*
- *CZK 370,000 in case of reconstruction of former military buildings;*
- *CZK 500,000 per flat in case of flats of special designation;*
- *CZK 700,000 per a flat of special designation.*

The subsidy may amount up to 50 % of the investment cost per individual project. In a newly built apartment house with more than 15 flats, at least 5 % of the flats must meet the general technical requirements enabling the use of buildings by persons with impeded motion ability.

This program is closed for new applications.

SUPPORT OF THE YOUNG

AIM OF MEASURE	To increase availability of new own housing to young people up to 36 years of age who have no housing in their ownership.
FORM OF SUPPORT	Low-interest loan of up to CZK 200,000.
APPLIES TO	Construction of a flat or a single-flat house to be owned by the applicant. Structural modification of a building where premises originally approved for purposes other than housing will be transformed into a flat.
APPLICANT	Young people who will not achieve 36 years of age in the year the application was filed.
TERMS AND CONDITIONS	Set out by Government Order No. 97/2002 Coll.
WHERE TO APPLY	State Housing Development Fund.

Government Order No. 97/2002 Coll. on Utilization of Resources of State Housing Development Fund in the Form of Loan for Construction of Flat by Persons under 36 Years of Age will improve availability of new own housing to young people without any ownership housing.

The loan may be extended to young persons who do not achieve 36 years of age in the year of filing the application, regardless of their marital status. If the applicant for the loan is married, the spouse must also meet the age limit requirement.

The cap limit *for the loan is CZK 200,000, the applicable interest rate is 3% p.a., maturity up to 10 years* without postponement, i.e. repayments of the loan must commence forthwith upon disbursement of its full amount. The loan may be combined with both a loan on building savings and a mortgage, or may be used quite independently – without any additional loan, just with the use of applicant's own savings. There does not exist any legal claim that can be asserted in respect of this type of assistance.

The applicant (and his/her spouse if married) must not achieve 36 years of age in the year of filing the application, nor may he/she be the owner or co-owner of a flat, apartment building or house at the time of filing the application. The flat or single-flat house built with the use of this loan must be used for the housing needs of the applicant to whom the loan was extended for the entire term of repayment of such loan.

The loan may be used for:

- Construction of a flat pursuant to the Act on Ownership of Flats, or of a house with a single flat to be owned by the applicant.
- Structural alteration of a building where premises originally approved for purposes other than housing will be transformed into a flat.

In both foregoing cases, the floorage of the *flat built with the assistance of this loan must not exceed 80 m², and 120 m² in case of the single-flat house*. The floorage does not include loggias, balconies and garages.

HOUSING ALLOWANCE

AIM OF MEASURE	Housing subsidy
FORM OF SUPPORT	Subsidy for low income families.
APPLIES TO	All households with income below 1.6 times the subsistence minimum.
APPLICANTS	Households
TERMS	Specified by Act 117/1995
WHERE TO APPLY	District offices

This type of housing allowance provides *assistance to low income households at a time when housing costs are rising*. Under Act 117/1995 the housing allowance is a *social benefit* paid to *all households whose net monthly income is below 1.6 times the subsistence minimum, regardless of where and in what kind of dwelling the family lives* (including the sharing of an apartment with another family).

In the year 2001, 333,5 thousands households were receiving this type of housing subsidy. The average amount of the allowance in the year 2001 was CZK 674 per month.

TAX RELIEF

Income Tax Relief

AIM OF MEASURE	Support to loans under Construction Savings System and mortgage loans
FORM OF SUPPORT	Deduction of paid interest rate on loans under Construction Savings System and mortgage loans, from income tax base.
APPLIES TO	Interest rate on loans under the Construction Savings System or mortgage loans.
APPLICANTS	Individuals participating in the Construction Savings System or individuals taking mortgage loan.
TERMS	Specified in Act 586/1992 Coll., as amended.

AIM OF MEASURE	Support to Construction Savings System
FORM OF SUPPORT	Income tax relief of yield from Construction Savings System, including interest from governmental subsidies.
APPLIES TO	Interest yield from Construction Savings System.
APPLICANTS	Individuals participating in a Construction Savings System.
TERMS	Specified in Act 586/1992 Coll., as amended.

AIM OF MEASURE	Support to greater use of mortgage loans
FORM OF SUPPORT	Income tax exemption on yield from mortgage bonds.
APPLIES TO	Holders of mortgage bonds.
APPLICANTS	Mortgage bonds holders.
TERMS	Specified in Act 586/1992 as amended.

AIM OF MEASURE	Support to migration of population
FORM OF SUPPORT	Exemption from personal income tax
APPLIES TO	<p>a) income from the sale of the family home, flat (apartment) including areas of common use of the house or jointly owned property areas, including adjoining land, provided that the vendor (seller) has had his residential address there for a period of two years immediately prior to the sale;</p> <p>b) income from the sale of real estate, flats or non-residential premises not listed under (a) above, provided that the period between their acquisition and sale exceeds five years;</p> <p>c) income from the transfer of a co-operative member's rights, from the transfer of a property share in a transformed co-operative (Note 13) or from the transfer of an interest to a business company, with the exception of the sale of securities, provided that the period between acquisition and transfer exceeds five years;</p> <p>d) income acquired in the form of an ownership title to a flat in exchange for vacating another flat and income acquired in the form of monetary payment to the occupier of a flat as compensation for vacating the flat on condition that the recipient spends or will spend the monetary compensation payment to satisfy his residential requirements not later than one year following the year in which he received this payment. The income is tax-exempt even in the event that the taxpayer spent an equivalent amount to obtain housing (Note 4e) within one year prior to receiving the monetary compensation payment.</p>
APPLICANTS	Recipient of the income.
TERMS	Specified in Act 586/1992 Coll., as amended

Property Tax Relief

AIM OF MEASURE	Financial support to municipalities
FORM OF SUPPORT	Exemption from property tax on buildings, land.
APPLIES TO	Buildings owned by municipalities.
APPLICANTS	Municipalities
TERMS	Specified in Act 338/1992 Coll., as amended.

AIM OF MEASURE	Support to new housing construction
FORM OF SUPPORT	Property tax exemption which applies to new privately owned houses and apartment buildings for 15 years from building certification.
APPLIES TO	New apartment buildings.
APPLICANT	Building or apartment owners – individuals.
TERMS	Specified in Act 338/1992 as amended.
WHERE TO APPLY	Property tax form.

AIM OF MEASURE	Support to creation financial resources for repair of houses owned by low income or disabled people
FORM OF SUPPORT	Property tax exemption.
APPLIES TO	Houses or dwellings owned by handicapped low income residents.
APPLICANT	Property owners
TERMS	Specified in Act 338/1992 as amended.
WHERE TO APPLY	Property tax form.
NOTE	The tax exemption applies to the proportion of the property which is used as the applicant's permanent residence.

AIM OF MEASURE	Replacement of heating system, thermal insulation.
FORM OF SUPPORT	Five year property tax exemption for buildings with a new special heating system (solar, wind, geothermal etc.) or thermal insulation.
APPLIES TO	Buildings with new special heating system or thermal insulation; the five year tax exemption period starts in the year following building certification.
APPLICANT	Property owners.
TERMS	Specified in Act 338/1992 as amended.
WHERE TO APPLY	Property tax form.

AIM OF MEASURE	Creation of financial resources for repair of privately owned buildings
FORM OF SUPPORT	Property tax exemption up to 2007.
APPLIES TO	Buildings privatized by residents, devolved from state, municipal and cooperative ownership.
APPLICANT	Property owner.
TERMS	Specified in Act 338/1992 as amended.
WHERE TO APPLY	Property tax form.

AIM OF MEASURE	Creation of financial resources for repair of privately
-----------------------	--

	owned apartment buildings built before 1948
FORM OF SUPPORT	Property tax exemption up to 2007 for restituted buildings built before 1948.
APPLIES TO	Privately owned apartment buildings.
APPLICANT	Property owner.
TERMS	Specified in Act 338/1992 as amended.
WHERE TO APPLY	Property tax form.